



# L&T NATURALLY

Doing the right thing comes naturally to the company and its people.

The right thing for society, the environment and the economy.

Long before terms like 'code of governance' had entered the public lexicon, we had adopted - intuitively and with considered intent - business practices in consonance with our value systems.

A sense of responsibility towards society and the environment has been a part of our corporate culture - not because the rule books said so, but because doing it any other way would have gone against our grain.

In the years since we became the first Indian engineering & construction company to publish a corporate sustainability report, we have crossed several milestones. While we continue to set industry benchmarks in the projects we execute and the products we make, our sustainability performance too secures national and international recognition.

No one is surprised.

## L&T, NATURALLY.



**SIMPLIFY  
TO STRENGTHEN**



**ENGAGE  
TO LEVERAGE**



**EMPOWER  
TO EXCEL**



**DIVIDE  
TO MULTIPLY**



**COMPETE  
TO CONSERVE**



**GIVE  
TO RECEIVE**



**GO BACK  
TO GET AHEAD**

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Dear Reader,

I have great pleasure in presenting you L&T's fourth sustainability report. The Report outlines the proactive and continuous change that L&T is implementing in step with new realities, new expectations and new growth aspirations.

### **| The Big Leap**

We have recast our organisational model into one which would accelerate growth through greater levels of empowerment. Our new organisation structure is built around multiple independent companies that bring in a higher degree of accountability, and enhances value creation for all stakeholders. In addition to accelerating business growth, the new organisation model will also spur leadership growth at various levels.

As we drive our business strategies forward, we are conscious that the projects we seek to engage ourselves in, will grow larger in scale and complexity. Effective execution of these projects will call for sharper management focus and delegated authority.

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We are confident that powered by the new organisational model, the L&T conglomerate with all its constituent entities will now be better primed to meet the challenges of the future and fully leverage business opportunities as they emerge.

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### **| Continuous Learning**

Our reputation as 'a learning organisation' rests on the pillars of the investments we continually make in enhancing learning opportunities for our employees and associates, and on the scale of the infrastructure that we build to promote professional development.

L&T's Institute of Project Management (IPM) at Vadodara

imparts interdisciplinary skills and experiential learning. The objective is to develop and nurture a talent pool of project managers who can usher in new benchmarks of excellence in project management and sustain L&T's existing leadership position.

We have expanded and revamped our Management Development Centre (MDC) at Lonavala, near Mumbai making it a unique institution that straddles the corporate and the academic worlds. It is widely recognised that knowledge is a perishable commodity. Today's experts can soon find themselves behind the curve in the face of accelerating change. The MDC is therefore devoted to providing a platform for continuous learning. This is where every aspirant can adopt a key mantra - to learn, unlearn and re-learn.

One of our focus areas is creating awareness and developing interest in sustainability initiatives. To ensure that new members of the L&T family are inculcated with our principles and practices of sustainability, we conduct sustainability orientation programmes for new joiners during induction.

Safety occupies the top rung of the agenda at each of our projects and in all our businesses. We firmly believe that Environment, Health & Safety (EHS) at work is the responsibility of every employee and promotion of EHS culture is an integral part and responsibility of all managerial functions. To improve our on-ground performance on safety, we have engaged an internationally acclaimed agency to integrate best global practices.

Career planning, employee engagement, competency building and succession planning are continuing organisation development programmes. In a nutshell, L&T is committed to offer all its employees an unmatched canvas of professional opportunity for growth and development.

## **| A Green Bottom-line**

As we have progressed on our journey of sustainability, not only are our processes and practices green, our product portfolio too has increasingly gained a similar hue. L&T has integrated sustainability as a core business construct and almost all our business lines have introduced products where sustainability is a competitive edge.

L&T's Buildings & Factories business vertical has constructed more than 10 million sq. ft of green building space for customers, the largest by any construction company in India. L&T's solar business unit provides EPC solutions in Solar Photo Voltaic (PV) systems. Our Hydrocarbon business vertical executes energy conservation and fuel switch projects for fertiliser manufacturers. The Eco-care line of Electrical & Automation business provides energy management solutions to customers and consists of tools to measure, monitor and reduce their energy consumption.

The Coal Gasifier business of L&T Heavy Engineering helps customers bring down input costs through an environment friendly process that uses coal more efficiently. Our Machinery & Industrial Products business manufactures large size castings for critical applications in wind turbines. L&T Integrated Engineering Services also provides carbon footprint mapping solutions.

## **| Growth 360**

At L&T, we take conscious measures to ensure that economic performance grows in tandem with environmental and social performance.

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**This year we posted a growth of 30% in the order book, 16% in economic value generated and 15% in order inflows.**

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Thanks to our unique ownership pattern and scale of operations, we share the benefits of growth across a wide spectrum of society. Team L&T is more than 50,000 strong. Over 800,000 small, medium and large shareholders hold equity in the Company, and a larger circle of people are linked either directly or indirectly with the Company's businesses. Taken together with the cascading effect of L&T's key businesses, it becomes apparent that the Company is touching the lives of a large swathe of India's population.

Our social bottom line is as impressive as our economic performance. The social initiatives in the areas of education, health and skill building have positively impacted over 400,000 people this year - a 37% rise in the number of beneficiaries.

Over the past two years, L&T's sustainability performance has been recognised at various national and international forums. Our sustainability report too has won several accolades. We see this as a result of your feedback and participation in our sustainability journey.

I take this opportunity to thank you for your continued engagement and look forward to valuable suggestions that will further reinforce our sustainability journey.



**A.M. Naik**  
Chairman & Managing Director,  
Larsen & Toubro Limited



## VISION

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L&T shall be a professionally-managed Indian multinational, committed to total customer satisfaction and enhancing shareholder value.

L&T-ites shall be an innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmarks.

L&T shall foster a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholders and society.



**LARSEN & TOUBRO**

# Honours



Mr. A.M. Naik, Chairman & Managing Director, receiving  
**The Economic Times 'Company of the Year' Award**  
from Union Finance Minister Mr. Pranab Mukherjee

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## Message from the Leadership Team



**K. Venkataramanan**  
Hydrocarbon Business

As L&T expands its horizons and transitions from a largely domestic Company to a global conglomerate, we are ensuring that we also enrich our cultural diversity and induct talent from across the geographical spectrum.

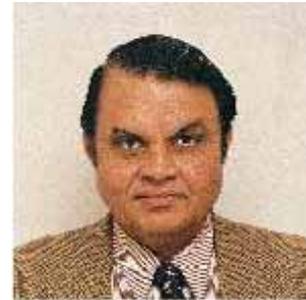
We shall continue to seek, develop, and acquire new technologies that will bolster our commitment to sustainable development. Our vision is to be a technology driven organisation which is constantly moving up the value chain and grow our business on a sustainable basis.



**K.V. Rangaswami**  
Engineering Construction  
& Contracts Division

We have identified globalisation, operational excellence, developing adjacent/allied businesses and nurturing leadership as key drivers of growth.

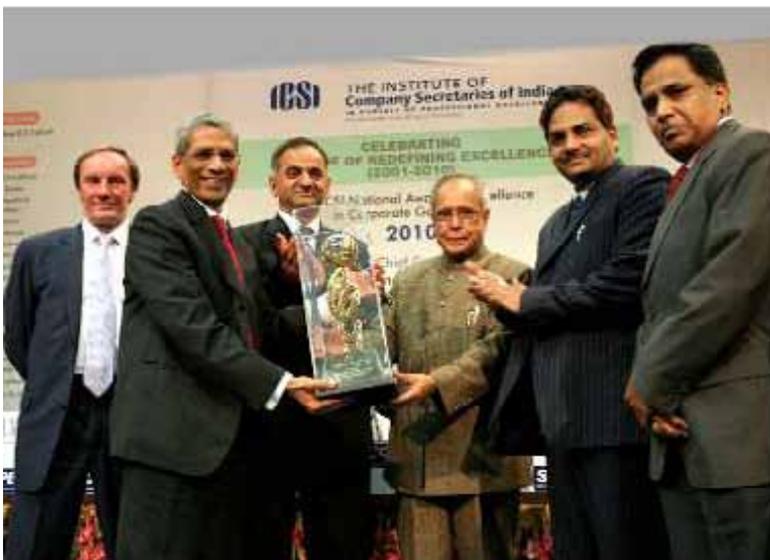
This calls for the relentless pursuit of sustainability practices by all the Independent Companies through their own sustainability agenda. We reiterate our commitment to human development, quality of life and social equity as we progress on this journey to create exponentially greater value for our stakeholders.



**V.K. Magapu**  
IT, Engineering Services &  
Corporate Initiatives

At L&T Infotech, we have taken concrete steps to substantially reduce energy consumption. These measures include setting up an Integrated Data Center in Mumbai, replacement of old-technology electric fixtures with energy efficient devices and implementation of a power management enterprise suite that regulates power usage for over 13,000 desktops and laptops.

We also plan to introduce Building Management Systems (BMS) for new centers to optimise energy consumption.



**Mr. Y. M. Deosthalee**,  
Member of the Board and  
Chief Financial Officer of L&T\*  
receives the

**'National Award for Excellence  
in Corporate Governance'**  
from the Institute of Company  
Secretaries of India (ICSI).

The award was presented by the  
**Union Finance Minister**  
**Mr. Pranab Mukherjee**  
on December 16, 2010.

*\* Effective September 6, 2011,  
Mr. Y.M. Deosthalee has taken over as  
Chairman & Managing Director of  
L&T Finance Holdings Limited.*



**M.V. Kotwal**  
Heavy Engineering

Safety has been a major focus area for L&T. A slew of programmes, including behaviour based safety, have been initiated across locations to attain global benchmarks in safety.

We have implemented the "Theory of Constraints" (TOC) for optimal resource management and our new consolidated initiative 'Udaan' aims, among other improvements, at developing a higher degree of customer intimacy and creating an internal culture of collaboration.



**S. Raghavan**  
Machinery and Industrial Products

We successfully overcame the challenges posed by the after effects of the global financial crisis and achieved good operating results. This was the outcome of our continued commitment to sustainability and unwavering focus on talent management, operational excellence and partnership management.

We continue to raise the benchmarks in corporate social responsibility, good corporate governance and stakeholder engagement to achieve our vision of inclusive growth and enduring progress.



**S.C. Bhargava**  
Electrical & Automation

Our sustainability efforts are focused on the material issues of cost competitiveness, product competitiveness, innovation, customer focus, employee engagement and extension of sustainability practices to the supply chain.

For us sustainability strategy involves both short term goals of being eco-efficient and the long term view of addressing the business potential of new customers and markets through newer technologies and innovations to increase energy efficiency.

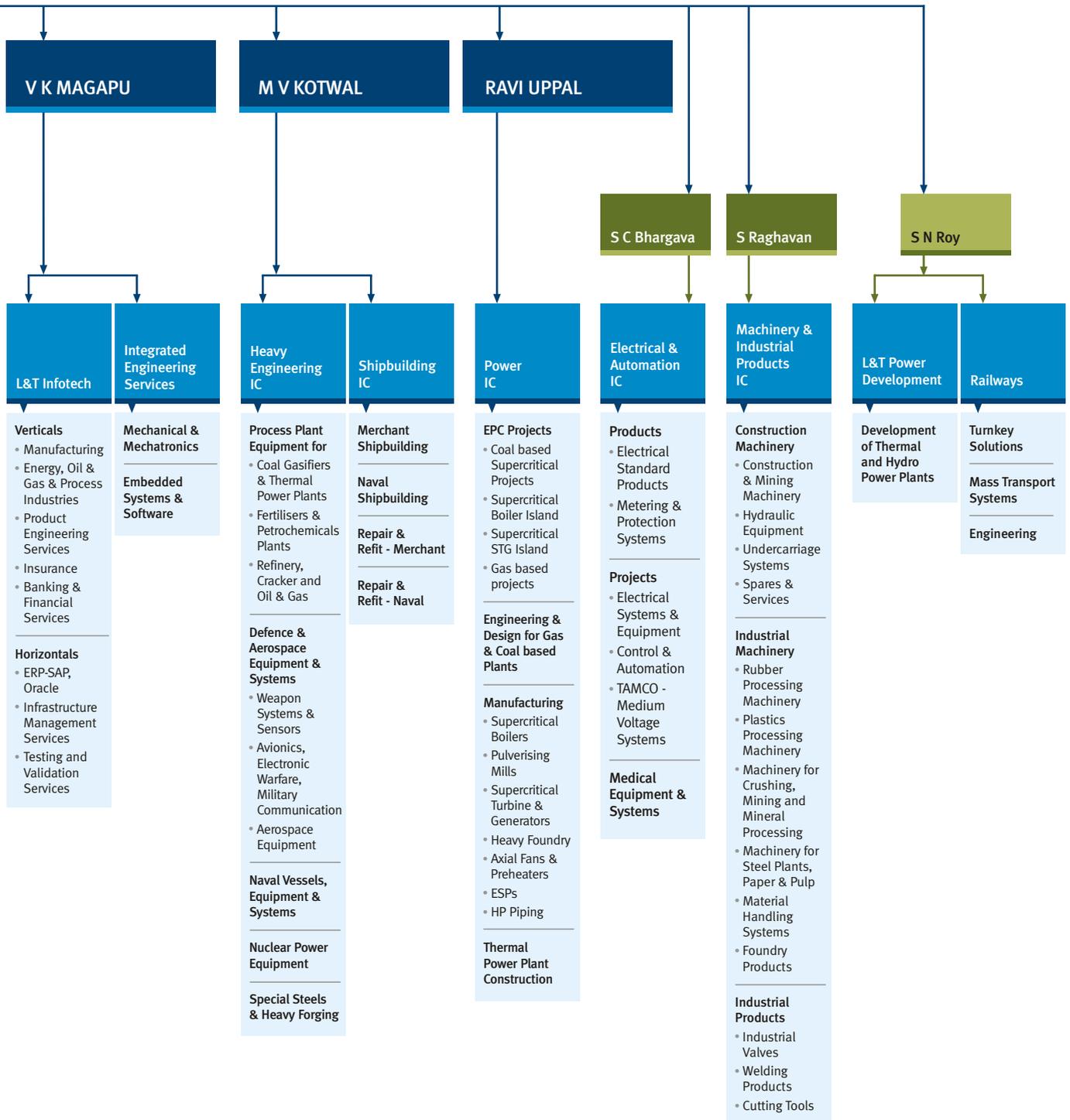
**Mr. R.N. Mukhija,**  
Advisor to the Chairman of L&T and representative of the Company's Executive Management Committee on the Sustainability Executive Board receiving the

**BCCI's 'Good Corporate Citizen Award' from the Governor of Maharashtra, Mr. K. Sankaranarayanan.**

The award affirms increasing public recognition of L&T's record in CSR performance and its high standards of corporate governance and ethics.







### Construction



#### **Buildings & Factories - Commercial Buildings & Airports, Residential Buildings & Factories**

This vertical undertakes engineering design and construction of airports, IT office spaces, institutional buildings, hospitals, hotels, residential buildings, factories and cement plants. It provides concept-to-commissioning solutions across various business segments. The Company possesses the technological capability to meet the demands of new trends in civil engineering and construction technology like high-rise towers, green buildings, MRO facilities and precast housing. The completion of prestigious projects under challenging time schedules underlines L&T's superior capabilities in project management, project execution and in successfully handling large design-&-build projects.

#### **Infrastructure - Heavy Civil, Transportation Infrastructure**

It undertakes construction of roads, runways, elevated bridges, metros, ports, special bridges, hydel projects, rail projects, nuclear facilities and defence projects - all to international standards of quality using advanced construction techniques.

#### **Metallurgical & Material-handling - Minerals & Metals, Bulk Material-handling, Water & Effluent Treatment**

L&T is a leader in turnkey construction projects in the mineral and metals sector, bulk material-handling projects, water supply and treatment plants.

#### **Power Transmission & Distribution - Substations, Industrial Electrification, Transmission Line, Solar Energy**

It undertakes power evacuation, transmission and distribution projects on EPC basis in India and the Middle East. Total solutions are provided for air and gas insulated substations and L&T is an established contractor of choice in the areas of industrial project electrification, instrumentation and control systems including communication projects.

### Hydrocarbon



The business delivers world-class design-to-build engineering and construction solutions on a turnkey basis for oil & gas, petroleum refining, chemicals, petrochemicals and fertiliser industries. In-house expertise and experience, synergised with strategic partnerships, enable it to deliver single-point solutions for every project phase - from front-end design through engineering, fabrication, project management, construction, installation and commissioning.

L&T's Hydrocarbon business is structured into the following Strategic Business Groups:

- Hydrocarbon - Upstream
- Hydrocarbon - Mid & Downstream
- Hydrocarbon Plant Construction & Pipelines

### Electrical & Automation (E&A)



#### **Products, Projects, Medical Equipment & Systems**

L&T is a major international manufacturer of electrical and electronic products and systems. In the electrical segment, L&T holds leadership position in low-tension switchgear in India, and is rapidly establishing itself in international markets. L&T manufactures custom-engineered LV and MV switchboards. In the electronics segment, L&T offers electricity meters and protective relays, energy management, building and home automation products. L&T also provides complete control and automation solutions for industries and utilities.

## Power



### **EPC Projects for Coal & Gas-Based Plants, Engineering & Design, Manufacturing, Thermal Power Plant Construction**

L&T is uniquely positioned as a private sector Company in India with all-encompassing capabilities in the power sector. It delivers complete EPC solutions for coal-based supercritical and gas-based thermal power plants. In-house capabilities account for 85 per cent of the total power generation value chain. Customised offerings include: Complete EPC, BTG Island, Boiler Island, Turbine Island and Complete Balance of Plant

Global alliances with industry leaders like Sargent & Lundy, MHI, MELCO, Howden, Clyde Bergmann and CMI ensure the benefits of state-of-the-art technology.

## Heavy Engineering (HE)



L&T is globally acknowledged as one of the top five companies in Heavy Engineering. It offers world class, technology-intensive, custom-made equipment & systems for core sector industries, operating through the following Strategic Business Groups:

### **Process Plant Equipment**

Fertiliser, Petrochemical • Reactor, Cracker Plant and Oil & Gas • Coal Gasification and Thermal Power Plant

### **Defence, Nuclear and Aerospace**

Weapon Systems • Defence Marine • Nuclear Power Plant Equipment • Aerospace

### **Shipbuilding**

L&T constructs and repairs defence vessels for the Navy & Coast Guard and also constructs specialised commercial vessels. L&T has two major shipyards, one each on the east and west coast of India.

## Machinery & Industrial Products (MIP)



### **Construction Machinery, Industrial Machinery, Industrial Products**

L&T manufactures, markets and provides service support for a wide range of critical construction and mining machinery, and aggregate crushers. It also manufactures and supplies a wide range of rubber processing machinery, plastic injection moulding machines, industrial valves and allied products, and castings for wind power and other engineering sectors. L&T offers a range of sophisticated application-engineered welding consumables and equipment and offers cutting tool solutions to various industries.

## Information Technology



L&T Infotech offers comprehensive, end-to-end technology solutions and services in banking & financial services, energy & petrochemicals, insurance, manufacturing (automotive, consumer packaged goods/retail, industrial products) and product engineering services (telecom).

L&T Infotech's unique brand differentiation is 'Business-to-IT Connect' which enables the Company to convert the business knowledge acquired, into a winning edge for clients, leading to faster time-to-market.

## National Network



★ Registered Office

■ Campus - covering facilities for manufacturing, modular fabrication, shipbuilding and centres for design engineering, software development and technology

🏠 Management Development Centre

● Offices

◆ Knowledge City

▲ Construction Skills Training Institutes\*

\*Part of L&T's Corporate Social Initiatives | The pictorial representation does not purport to be the political map of India

## Global Presence



- ★ Offices
- Engineering & Construction Projects
- ▲ Product & Equipment Supply
- ◆ Manufacturing / Fabrication Facilities
- Agents

Note: Map is broadly representative of L&T's global presence.



# SIMPLIFY TO STRENGTHEN

Transparency builds trust and trust is the foundation of robust brand equity. Thus at L&T, disclosure is not only effective risk management, it is also the strong glue that binds us with our stakeholders. Makes our stakeholders feel like confidantes and participants in the governance process. It is therefore no surprise that we continue to simplify our structure, promulgate our processes and report our results.

# COMPLETED PROJECT LAKSHYA PHASE 1

# FORMATION OF INDEPENDENT COMPANIES

DISCLOSING SUSTAINABILITY PERFORMANCE IN ACCORDANCE WITH GRI GUIDELINES IN PUBLIC DOMAIN SINCE 2008



2010-11 witnessed yet another confidence meltdown. The period saw a renewed onset of uncertainties that led to defaulting economies, debt crisis and political upheavals. This was accompanied by perceptible erosion of ethical standards and as a reaction, strident protests on the part of civil society. Through these tumultuous times, we stayed on course by remaining true to our values and ethics.

Strong corporate governance has been the hallmark of L&T. The core focus has been to strategically steer L&T through the economic and social cross currents and skillfully direct it towards sustained value creation.

Our corporate governance and disclosure practices are proactive and demonstrably ahead of the curve. Our new business model seeks to achieve greater transparency and accountability in every aspect of operations.

The Company was awarded the "National Award for Excellence in Corporate Governance-2010", by the Institute of Company Secretaries of India.

## Governance Structure

The year 2010-11 saw us successfully complete the first phase of our five year plan that included changes in policies & processes necessary for the formation of Independent Companies (ICs). Following this exercise, our organisation now has a four tier Corporate Governance structure.



For more information on the governance structure, please refer to page no. 46 to 58 of L&T's Annual Report 2010-11 at [www.larsentoubro.com](http://www.larsentoubro.com)

Larsen & Toubro Limited is public limited, professionally managed company operating from India

## Sustainability Structure

The precept and practice of sustainability is strengthened through commitment from apex level management. The Company embraces a top down approach that optimises our efforts. Sustainability Executive Board, comprising members from the Executive Management Committee (EMC), ensures effective formulation and implementation of our sustainability strategy. The Board decides on policies to be implemented across the Company and reviews the sustainability performance.



## Remuneration Policy

Consistently voted as among the most preferred organisations to work with, we propagate a culture of empowerment, professionalism and creative freedom. Our remuneration policies and practices are in line with current market dynamics and remain commensurate with industry norms.

Our compensation packages consist of base remuneration, perquisites and performance incentives. The components of remuneration vary for different grades, and are governed by industry patterns, qualifications, experience, responsibilities and individual performance.

The Company pays remuneration to Executive Directors by way of salary, perquisites & retirement benefits (fixed components) & commission (variable component), based on recommendation of the Nomination & Remuneration Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits in the financial year and as per the Sections 198 and 309 of The Companies Act, 1956.





## RELEASE OF L&T'S SUSTAINABILITY REPORT 2010

### Processes in Place

As a part of Project Lakshya (2010-15), we have initiated the process of decentralisation and have accorded greater accountability to the ICs. This enables the ICs to set individual business specific targets, assess their performance, review risks and mitigate them by taking accelerated action.

Two key ongoing projects strengthen the foundation of our processes.

#### Project LAKSHYA

Focuses on progressively upgrading our capabilities, systems, processes and services. Project LAKSHYA (2005-10) concluded successfully. The second phase of Project LAKSHYA (2010 - 2015), aims to make our business even more resilient and future ready.

#### Project PRITHVI

Streamlines the process of measuring, monitoring, documenting and reporting our economic, environmental and social performance as per Global Reporting Initiatives (GRI) - G3 guidelines and drives sustainability practices across the organisation. The progress of short term sustainability targets (2009-12) is given in this report. The development of Sustainability Roadmap (2012-15) is in progress.

We have incorporated the requirements of the ISO 9001, ISO 14001, and OHSAS 18001 across 22 locations and practice the Six Sigma approach & Lean Manufacturing processes in our product businesses. We continue to strengthen the environmental performance of our Company through a variety of material, energy and water conservation initiatives. In addition we are increasing the use of renewable energy and adopting recycling processes.

### Performance Measurement and Review Mechanisms

L&T has an internal corporate audit team consisting of chartered accountants, engineers and system experts. This team, a part of the Board's audit committee, ensures financial, operational and IT compliance. The Internal Audit function is ISO 9001:2008 certified.

Best-in-class information technology has been deployed to enhance our compliance with organisational systems, eliminate redundant processing, optimise productivity and reduce costs.

#### Qualitative data on performance indicators is collated from diverse sources such as:

- Information from completed projects
- Information from technical audits of plants, project sites and offices
- Sharing of best practices
- Innovations and R&D reports
- Information from global sources, partners and collaborators
- Regulatory agencies, professional associations

## Code of Conduct and Risk Management Framework

Values and principles are central to our functioning. Our principles are enshrined in a 'Code of Conduct' for all our Board members and Senior Management personnel of the Company. This Code ensures compliance with the provisions of the revised Clause 49 of the Listing Agreement with Stock Exchanges.

Policies, procedures and guidelines have been formulated to clearly lay down norms on action and conduct of our employees. These cover:

- [Guidelines on corporate communication](#)
- [Securities Dealing Code](#)
- [Protection of women's rights in the workplace](#)
- [Corporate IT policies](#)
- [Security manual and procedures](#)
- [Whistleblower Policy](#)

*The code of conduct is available on the Company's website, [www.larsentoubro.com](http://www.larsentoubro.com). The annual declaration about its compliance by the Company is also given by the CMD.*

### To the Shareholders of Larsen & Toubro Limited

#### Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.



**A.M. Naik**  
Chairman & Managing Director

Date: April 26, 2011  
Place: Mumbai

We adhere to Section 299 of the Companies Act, 1956, which requires that every Director of a company who is in any way concerned or interested in a contract or arrangement, is required to disclose the nature of his concern or interest at a meeting of the Board of Directors.

*All Senior Management personnel, including functional heads, are from India and one level below the Executive Directors*

Once a year, a general notice is given to the Board by a director to the effect that he is a director or a member of a specified corporate body or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm.

Any change in directorship is immediately reported to Board. This information is shared with the accountants of all the ICs and compliance with the provisions of The Companies Act, 1956 is ensured.

In consonance with the provisions of Clause 49 of Listing Agreement, every board member confirms, on a yearly basis, that he has complied with the Company's Code of Conduct as applicable to Board Members and Senior Management Personnel of the Company. Senior officers of the Company are required to confirm whether they or any of their specified relatives have entered into any transaction with the Company.

## Internal Control System

### OBJECTIVE

To establish a comprehensive internal control mechanism

### MECHANISM

Documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses.

### IMPLEMENTATION

Significant observations made in internal audit reports on business processes, systems, procedures and internal control, and the implementation status of recommended remedial measures are regularly presented to and reviewed by the Audit Committee of the Board, by our Corporate Audit Services Department and by external auditors.

## Corruption & Anti-competitive Behaviour

We are committed to a pattern of behaviour that is wholly consistent with our principles of ethics and fair practices. Any act or measure that compromises or is likely to compromise our set of values will not merit consideration. We have put in place sound systems to address all issues with a bearing on anti-trust behaviour. These systems are reviewed periodically at the corporate level.

Guidelines for financial transactions and non-financial documents set by top management are communicated to employees along with the Code of Conduct. No incident of corruption was reported during the year 2010-11 from any of the businesses. We also comply with relevant statutory requirements including anti-competitive behaviour. No legal actions in this regard were initiated against us in FY 2010-11.

## Public Policy Advocacy

The Government is an important stakeholder in our business and we therefore engage with it through multiple business forums and trade organisations. Our senior executives participate in the development of public policy that addresses issues affecting industry, business, products and customers through collaborative interaction.

## Compliance

Our compliance system covers a multitude of statutory obligations which ensures that all applicable laws and regulations are observed and complied with. In the reporting year, no financial or non-monetary sanctions were imposed upon us.

## Precautionary Approach

The organisation operates in conditions where economic, environment and social risk is inherent to its businesses. This is especially true, as in recent times, when industry and the economy goes through prolonged bouts of turbulence. We have taken comprehensive measures to mitigate important risks. These measures include a thorough review of all major risks before entering into business commitments, ongoing review of risks for major projects under execution and a structured risk Management Information System (MIS).



## Commitment to External Initiatives

We follow the Global Reporting Initiative (GRI) framework to report on our economic, environmental and social performances. In addition, we comply with applicable International Labour Organisation (ILO) conventions and United Nations (UN) directives covering the following:

- Statutory and regulatory compliance
- Business ethics
- Fair and equal opportunity to all employees
- Improving employee lifestyles through training
- Labour camps
- Medical facilities at project sites
- Measuring, monitoring and conserving materials & energy sources

## Memberships

We contribute to the policy-making process through memberships of associations and institutes

|  |
|--|
| Confederation of Indian Industry (CII)                                     |
| Federation of Indian Chambers of Commerce and Industry (FICCI)             |
| Bureau of Indian Standards   |
| Construction Industry Development Council (CIDC)                           |
| Confederation of Indian Industries - Infrastructure panel, Southern Region |
| Indian Electrical and Electronics Manufacturers Association                |
| Bangalore Chamber of Industry and Commerce (Manufacturing Panel)           |
| National Safety Council  |
| Process Plant and Machinery Association of India                           |
| American Society of Mechanical Engineers (ASME)                            |
| Heat Transfer and Fluid Flow Stimulation Software (HTFS) associations      |
| Indian Institute of Chemical Engineers (IICHe)                             |
| Chemtech Foundation  |

# Disclosures on Management Approach

## ECONOMIC



We recognise the critical interdependence of corporate organisations and society. Our vision statement, our Company anthem and indeed every aspect of our operations are continuing acknowledgement of the debt to society and nation that we seek to redeem.

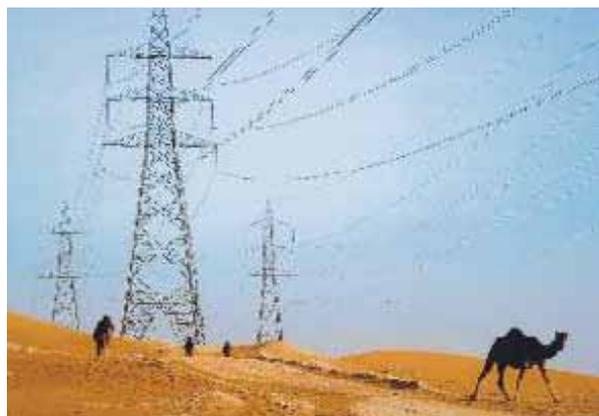
The strategic plan for the period 2010-15 (Lakshya 2015) has identified strategy and strategic initiatives, including detailed assessment of portfolios, organisational structure and capital structure for each business. This exercise will also lead to the formation of Independent Companies (ICs) from April 1, 2011. The assessment revealed notable opportunities across all business segments of the Company.

In addition to risk management, we also give a strong impetus towards achieving cost efficiency as we believe it to be another significant contributor towards sustained profitability. Towards this, we have adopted various initiatives like global sourcing, lean manufacturing and standardising repetitive operations and processes etc.

*Coal gasifier components at Hazira*



*Transmission lines executed across the desert of UAE*



## ENVIRONMENTAL



The finite nature of environmental resources, its fragility, and the decisive impact it can have on life on this planet is now widely acknowledged. Debate, if any, is now only centred on how different groups can reconcile immediate self-interest with the longer term benefits to the planet as a whole.

At L&T, our objective is to progressively drive design expertise, operational efficiency and maintenance efforts towards cleaner and greener technologies and reduce pollution. Energy-efficient alternatives and practices not only result in environmental conservation but also yield cost optimisation. Towards this objective, we continue to focus on efficient consumption of material, energy and water through structured and systematic processes.

We adhere simultaneously to both customer specified stipulations and applicable regulatory requirements, both at our plants and at customer sites. At L&T's project sites and offices, the respective managers are responsible for ensuring optimal consumption of material and energy.

We have incorporated a new business structure with the formation of Independent Companies. With this, the management of each IC, with its comprehensive policies on quality, environment, health and safety, becomes accountable for its environmental impact. Alongside internal audits which continue to be conducted periodically, we also carry out external audits by certification agencies (ISO 14001 and OHSAS 18001) for plant/project locations and design centres.

We have a structured Corporate Environment, Health & Safety (EHS) Policy that ensures that our employees get a safe and healthy working environment and that the environment is not adversely affected by our operations. We also facilitate Environment, Health & Safety training for the employees on a regular basis to enhance competency and encourage commitment.

*EPC services for water transmission and distribution covering wastewater treatment and water treatment*



## SOCIAL



### Labour Practices and Human Rights

L&T sees talent management as critical, in pursuit of growth momentum. We have in place industry's finest employment practices and EHS principles and we ensure its effective implementation through a well-defined structure. A synergy of all these measures makes us among the most sought after employers in India.

**We aim to go beyond the bare essentials set forth by Compliances and Regulations. This includes ethical and human rights standards.**

We comply with applicable local laws and uphold the spirit of human rights as per regulatory requirements - conventions of the International Labour Organisation (ILO), The Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996, and Central Rules, 1998, Industrial Disputes Act 1947.

To communicate the policies across all hierarchies of the organisation, we employ tools like induction training programmes, interactive sessions, intranet sites, policy manuals and posters. Dedicated IR, HR and EHS managers ensure effective implementation of such policies. Regional complaints committees exist to deal with cases of sexual harassment at the workplace, if any.

An annual performance review process, monitors and evaluates the performance of all employees. Workmen and safety-related issues are reviewed at project locations in monthly Site Management Committee meetings.

*Periodic tool box talks for workmen at Hazira*



### Societal Commitment:

Over the last few years, society has increasingly become more conscious and vocal about the importance of inclusive growth. At L&T, we have always seen ourselves as a part of a larger community, and this consciousness has influenced all our thoughts and actions. We continuously strive to nurture symbiotic growth between our business and the community.

We keep a sensitive finger on the pulse of the society in order to identify its needs. Our interaction with communities and local NGOs helps us in this process. We then employ our competencies in project planning and execution in order to find a long term solution for those needs. Employees along with their families are encouraged to engage in these initiatives.

L&T encourages employees to represent the Company in addressing social issues of significance. We actively try and facilitate a constructive dialogue and exchange of ideas between our employees and the NGOs, government agencies, chambers of commerce and academic institutes.

*L&Teers join students at Milind Vidyalaya on a voyage of learning*



## PRODUCT RESPONSIBILITY



The 'proof' of all our principles and policies lies in the products we make, the projects we execute and the services we offer. Ultimately, we know that we are going to be judged not by the sentiments expressed in our statements but in the performance on the ground of everything that we offer. This is how we connect to our stakeholders; by making a positive impact in their lives.

We strive to ensure that our products are environmentally and socially responsible throughout their entire lifecycle.

Our business heads are responsible for products and services built around sound engineering and sustainable practices. All the company's products/processes are designed to adhere to stringent statutory norms and regulations.

Investments in research and regular customer feedback help enhance product and service quality on a continuous basis.

Given the sensitivity and strategic nature of many of our projects and products, it is imperative to maintain customer confidentiality at all times. To ensure that our products are optimally used, we design and provide detailed user's manual, impart training to customers and their employees in plant operation as well as product usage and maintenance.

*Ports and harbours - part of L&T's capability spectrum in infrastructure*



*Supercritical turbine under assembly at L&T's Hazira Campus.*

## Sustainability Policy

We are committed to fulfilling our economic, environmental and social responsibilities while conducting business.

We will conserve natural resources, build social equity and achieve sustainable growth, through a culture of trust and caring, to serve all our stakeholders.

## Corporate Environment, Health & Safety (EHS) Policy

As an integral part of our business philosophy, we are committed to conserving the environment and providing a safe and healthy workplace to our employees and stakeholders. Towards this, we shall:

- Incorporate EHS considerations in all business decisions
- Ensure compliance to statutory and other requirements
- Prevent adverse environmental impacts and occupational health and safety risks
- Conserve natural resources, minimise waste generation and environmental emissions
- Impart structured training for employees and stakeholders for effective EHS performance
- Encourage communication, consultation and collaboration with all the stakeholders

We shall strive for continual improvement in our EHS performance.

## Corporate Human Resource Policy

We believe that people are our most valuable resource, and play a pivotal role in helping us realise our Vision. We are committed to:

- Acquiring, developing and retaining a pool of high-caliber talent
- Enabling and empowering our employees to be creative and innovative
- Establishing systems and practices for maintaining transparency, fairness and equity
- Creating a culture of continuous learning, competitiveness and excellence through change management, respecting ethics, values and good governance

We will protect our environment and uphold in letter and spirit the United Nations Universal Declaration of Human Rights and the fundamental Human Rights Conventions of International Labour Organisation.



*The newly built Mumbai Airport Terminal Complex by L&T*

## Sustainability Approach

From wealth generation to wealth distribution, from mass consumerism to mass conservation, from free economy to free education, from remaining in the black to going green - the corporate focus has clearly shifted from 'profitability' to 'sustainability'. Responsible businesses world over are rethinking their mission statements to integrate sustainability as a key ingredient.

At L&T, we were the early adopters of this 360° strategy and pioneered the triple-bottom line reporting approach in the Indian engineering & construction arena. Today, sustainability is integral to our core business strategy.

We view the emerging challenges through the prism of economic, environment and social opportunities. Building on our technological prowess, we imagineer solutions that sustain - be it investing in cost-competent technologies, foraying in to future-friendly products, leveraging key levers of social well-being, or fostering a safe and healthy work environment.

Over the years, our sustainability reporting is serving as a vehicle to measure performance, benchmark green practices and build stakeholder trust. But more importantly it is driving organisation-wide efficiency, productivity and performance. It is also helping our businesses improve internal processes, accountability and transparency.

Our corporate goals are aligned with national as well as international sustainability goals.



## IN HARMONY WITH NAPCC

As the year progressed, so did our commitments towards the National Action Plan on Climate Change (NAPCC) instituted by the Government of India. Our strategic investments in renewable energy gained momentum, energy-efficient initiatives became more effective, and we enlarged our green footprint - in form of green buildings and green land cover.

### MISSION 1



#### SOLAR

L&T harnesses the power of the sun at nine of its premises in India and overseas. In near future, our solar power generation capacity is expected to reach over 1 MW.

We also provide turnkey EPC solutions for PV solar plant installations across India.

### MISSION 2



#### ENHANCED ENERGY EFFICIENCY

Renewable energy constitutes 12.11% of L&T's electricity mix.

Installed 8.7 MW wind farm in South India and 0.5 MW solar power plant in Chennai.

97,783 GJ of energy has been conserved since 2008.

External energy audit conducted at MIP Business.

L&T's three buildings are 'BEE STAR Rated' and out of which one building is 'four star rated' by Bureau of Energy Efficiency (BEE).

### MISSION 3



#### SUSTAINABLE HABITAT

Built over 10.2 mn sq. ft. of certified green buildings for customers.

Six L&T premises are certified green buildings and plans to transform three more buildings into green buildings are underway.

### MISSION 4



#### WATER

15 out of 22 locations are zero wastewater discharge units. Remaining units too are pursuing the same target.

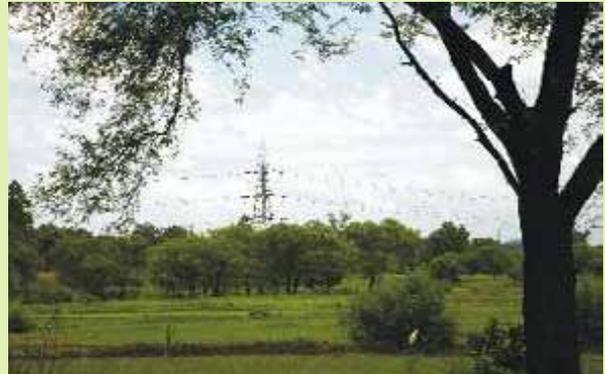
A comprehensive water footprint mapping exercise has been flagged off at key campuses.

The total water consumption of all units within the boundary of last year's report, reduced by 2.5%.

L&T has proven capabilities to offer large-scale water distribution, water treatment and waste water solutions.

Constructed 10 check dams in Thane districts resulting in 20 - 30 million liters of water storage and creating potential to cultivate 250 acres of land.

### MISSION 5



#### GREEN INDIA

260,000+ tree saplings were planted across L&T locations, project sites & neighbouring area during 2010-11.

Around 35% of the land at L&T sports a green cover.

150,000+ fully grown trees are being nurtured across various L&T campuses.

### MISSION 6



#### SUSTAINABLE AGRICULTURE

Heavy Engineering continues to play an integral part in enhancing agricultural productivity by supplying critical equipment to majority of fertiliser plants in India.

Hydrocarbon provides turnkey 'Fuel Switch' solutions to fertiliser plants enabling them to affect large savings in energy costs and mitigate SOx emissions and eliminate ammonia discharge.

Electrical & Automation conducts training programmes for electricians from rural area to enhance knowledge and skill level in maintenance of electrical equipment used in farms.

*Our technology block at Hazira is a LEED certified (platinum rating) green building*

## MISSION 7



### SUSTAINING THE HIMALAYAN ECOSYSTEM

In FY 2010-11, 50,000+ saplings were planted in Uttarakhand, Arunachal Pradesh & Himachal Pradesh.

Strong alliance is being nurtured with local communities to ensure survival of saplings.

Welfare initiatives continue for the neighbouring communities of our project sites in the Himalayan region such as infrastructure development, medical camps, skill building and employment opportunities.

## MISSION 8



### STRATEGIC KNOWLEDGE FOR CLIMATE CHANGE

L&T is home to more than 25 certified sustainability reporting process auditors.

We have a continued focus on capacity building to address the business impact of climate change and conduct the following programmes:

- Advanced level Certified Sustainability Assurance Practitioner (CSAP) programme conducted for junior and middle level management
- Our induction programme includes training modules on Climate Change, Sustainable Development and EHS
- Our executives participate in various programmes on climate change and low carbon emissions conducted by professional bodies in India and overseas
- Focused training programmes for employees to qualify as energy auditors



## FUTURE READY

| Construction   |  |
|--|--|
| Risks & Opportunities  | Strategic & Operational Initiatives  |
| Large pool of unskilled / unemployed rural youth can be gainfully employed in construction     | Basic Training through Construction Skills Training Institute & on-job training at Construction sites  |
| Safety of staff and workmen  | Continuous training on safety & work methods, mechanisation in construction, focus on increased PPE and continuous workplace monitoring      |
| Conservation of scarce natural resources like river sand, aggregates etc. used in construction | Use of new technologies, alternate materials for better value to customers, recycle and reuse of waste generated                             |
| Latest technology and green products   | Dedicated teams to develop and promote new technology to customers   |
| Energy conservation  | Preventive maintenance of plant & machinery, enhanced use of renewable energy options like solar, wind energy etc.                           |
| Environmental management   | Meet & exceed the contractual obligations on tree plantation, upgrade plant & machinery at the project sites to reduce air & noise pollution |
| Water management   | Use alternate technologies & materials that reduce water consumption, recycle & reuse at permanent establishments                            |
| Health & hygiene of workmen  | Health check-ups, improve health and hygiene in labour colony  |
| Corporate Social Initiatives   | Conducting need assessment surveys, budget & implement initiatives necessary for the nearby community  |

| Hydrocarbon   |  |
|---|--|
| Risks & Opportunities   | Strategic & Operational Initiatives  |
| Enhance operational excellence  | To enhance the operational excellence, various capability centres were created under Project Disha, which are now fully functional. Each department has created SOP (Standard Operating Procedures) which are in use |
| Identify new growth areas   | Identification of new markets and geographies for business and growth targets in line with Lakshya 2010 to 2015 strategic plan and building Hydrocarbon business as an international player                          |
| Tackling risk during execution  | Structured Risk Management process to identify risks during bidding and execution of projects has been implemented   |
| Risk-sharing and taking advantage of complementary strengths of alliance partners | Strategic alliances and joint ventures/consortium has been developed to ensure risk mitigation   |
| Enhancing skills and capabilities of our employees                                | Capability And Leadership Development (CALD) Programme and other customised training programmes are conducted for employees  |

## Heavy Engineering

| Risks & Opportunities  | Strategic & Operational Initiatives   |
|--|---|
| Constantly strive to improve reliability and delivery performance  | An important initiative called "Enterprise-wide Collaboration for Alignment with Strategy"(ECAS) is underway to significantly boost the preparedness for continuous growth and to take up new challenges. A new strategy of "Customer Intimacy" is adopted by the Company to get to understand our customers better and thus develop better business relationships  |
| Reducing carbon footprint of operations in order to reduce GHG emissions                                       | We have built LPG/Natural Gas terminals & are continuously reducing the usage of high-speed diesel by replacing it with LPG/Natural Gas for the heating operations  |
| Continuously working towards increasing water and energy conservation efforts                                  | Striving to implement the Zero Wastewater Discharge policy at all our manufacturing facilities  |
| Implementing national and International best practices in safety across all locations                          | Safety training and awareness campaigns have resulted in lowered accident rates and increased productivity. We achieved a milestone of zero reportable accidents for 330 days during the year in our Powai workshops  |
| Developing local vendors to substitute imports with domestic items to contribute to local economic development | We also are committed to help in the development of our major sub suppliers so that there is motivation at their end in supporting us to make challenging products  |
| Enhancing contribution in social development in the surrounding areas  | <p>We have undertaken number of initiatives such as supporting local schools, vocational training institutes, blood donation camps and running talent development programmes</p> <p>We try our best to help the society when natural calamities strike. We organise medical camps and supply food, water, clothes &amp; relief material to areas affected</p>   |
| Further enhancing employee engagement efforts to reduce attrition and improve employee well-being              | <p>7 councils &amp; 23 teams of cross functional, cross location personnel have been formed to address issues related to organisational development and employee engagement</p> <p>Heavy Engineering has engaged two consultants of repute - M/s Gallup for Employee Engagement and M/s DNA Global Network, USA for the ECAS initiative</p> <p>As a part of Employee Engagement initiatives, we conduct workshops across the IC and encourage collaboration, team building &amp; open interaction between superiors and team members who make specific action plans for improvement</p> |
| Promoting a culture of innovation throughout the organisation  | Implemented the "Theory of Constraints" (TOC) for optimal resource management and maximising the throughput   |

| Electrical & Automation   |  |
|---|--|
| Risks & Opportunities   | Strategic & Operational Initiatives  |
| Increase in input costs   | Continue emphasis on procurement optimisation, value engineering & LEAN manufacturing and product design initiatives to reduce material consumption  |
| Inadequacy of sustainability practices in supply chain          | Developed an Environment & Social 'Code of Conduct' that has been signed by key suppliers. Awareness building initiatives and processes for extending sustainability practices in the supply chain are in progress |
| Enhanced awareness in the market on improving energy efficiency | Provide products and solutions that help customers reduce their energy consumption   |
| Increase in installed electricity generation capacity           | Enhancing sales and marketing efforts to continually increase market share in India. Building capacities in MV switchgear  |

| Machinery & Industrial Products                          |   |
|--|---|
| Risks & Opportunities                                    | Strategic & Operational Initiatives   |
| Extend sustainability initiatives in the supply chain    | <p>Identified key suppliers impacting business operations</p> <p>Spearheaded capacity building programmes for supply chain and developed an Environment &amp; Social 'Code of Conduct'</p> <p>Assisted vendors through the implementation process</p>               |
| Energy consumption at manufacturing locations            | Conducted energy audits for all manufacturing locations and defined energy conservation indicators  |
| Explore new technologies                                 | Tie-ups and technological innovation for foundry development, improved welding methodologies and superior cutting tool solutions  |
| Globalisation and competition from international players | <p>Thrust on international business opportunities to increase geographical coverage</p> <p>Introduced products - Hydraulic Presses, Hybrid Presses and Rubber Processing machinery</p> <p>Collaborated with additional distributors for wider coverage of India</p> |
| Integrated approach for resource conservation            | Implemented ISO 14001 and OHSAS 18001 certification systems for MIP manufacturing units   |

## L&T Infotech

| Risks & Opportunities   | Strategic & Operational Initiatives   |
|---|---|
| <p>Recession in the global economy and growth in geographies such as South Africa, Middle East, Australia and India</p> | <ul style="list-style-type: none"> <li>• Increasing operational efficiencies</li> <li>• Looking at new sources of revenue organically and inorganically</li> <li>• Investments in future technologies from an IT standpoint</li> <li>• Continuing to invest in newer technology and IP (like the Canadian Acquisition)</li> </ul> <p><b>Other Key Developments:</b></p> <ul style="list-style-type: none"> <li>• New office opened in Houston</li> <li>• Singapore Center of Excellence launched</li> <li>• Won order for providing Billing Solution for Saudi Electricity Co.</li> <li>• Bagged Good Governance National Technology Leadership Award 2010</li> <li>• New Technology Center opened in Chennai</li> <li>• 10-year strategic partnership with Marsh celebrated</li> <li>• 5-year strategic partnership with Sony Ericsson celebrated</li> <li>• Ranked 12th in a media survey of best employers in India</li> </ul> |
| <p>Changing business model</p>  | <p>Potential early mover advantage in cloud and mobility</p>  |
| <p>Brand</p>  | <p>Conducted Brand index survey to arrive at a composite number that measures holistically how clients, influencers, employees, non-employees &amp; management view the brand of L&amp;T Infotech. In this survey, our clients have given us very high marks on client experience and trust. Two comments that stood out are that we are very high on governance and we will go the extra mile for our clients</p>  |
| <p>Technology</p>   | <p>Launch of new service to provide enterprise mobility solutions to clients and launch of smart access platform</p>  |



*L&T's infotech campus in Bangalore*

## MATERIALITY

By using a materiality analysis to identify and prioritise issues, L&T is able to allocate adequate bandwidth to address those issues that are truly important to stakeholders and by extension, the organisation itself. Every business segment of L&T, by the virtue of its core-competency and offering, has a different set of material issues. This constant process of successfully identifying and addressing a wide spectrum of materiality issues continues to attract management focus.

Last year, we engaged KPMG Advisory Services, to prepare a detailed and comprehensive list of materiality issues. This year we undertook an internal detailed study wherein we first created a universe of all relevant issues for each IC and sieved it through a materiality test consisting of six parameters in order to identify the issues that should be material to the whole of L&T Group.

The six parameters of the materiality test:

**Financial Impacts / Risks** - issues that may pose a financial risk to the Company

**Legal / Regulatory Drivers** - issues emerging out of government policy

**Internal Policy Drivers** - issues that are critical to the internal working of the organisation

**Industry / Sector Based Indicators** - issues unique to an industry or sector

**Stakeholder Concerns** - issues that are of high importance to the stakeholders

**Opportunity for Innovation** - issues with potential for innovative solutions

### The key material issues that emerged:

| Key Material Issues  | Actions  | Initiatives to address the Materiality Issues  |
|--|--|--|
| <ul style="list-style-type: none"> <li>Employee Health &amp; Safety</li> <li>Product design &amp; execution</li> <li>Water conservation</li> <li>Waste management</li> <li>Carbon footprint</li> </ul> | Focus on EHS   | Improve safety performance and wellness of employees across ICs  |
|  |  | Give prime importance to safety during design and execution of projects  |
|  |  | Identify own operation risks and develop a framework to manage the same before scaling up to entire value chain                      |
|  |  | Consider safety performance as an important parameter during supplier rating and selection   |
|  |  | Evaluate water, waste and carbon footprint and map performance to an established baseline  |
|  |  | Address suppliers' request to provide them training on water, waste and carbon footprint mapping                                     |
|  |  | Include aspects of environment in business management: Use of eco friendly equipment and engage on eco friendly / green construction |
| Sustainability strategy implementation dashboard & roadmap   | Review sustainability agenda in a structured manner by top management        | Benchmark sustainability performance vis-à-vis global standards and subsequently adopt global best practices                         |
|  |  | Create a sustainability dashboard at IC level, to be monitored by the leadership team  |
|  |  | Use sustainability as a complementing tool to business performance   |
| Awareness on Sustainability issues   | Effective Communication of L&T's Sustainability initiatives                  | Create awareness of L&T's sustainability performance and propagate the same through communication modes and events                   |
|  |  | Engage proactively with stakeholders and improvise the engagement framework to better understand stakeholder concerns                |
|  |  | Bring all ICs on a common platform to have uniform understanding of sustainability aspects of L&T's businesses                       |
| Renewable energy & energy efficiency   | Promote consumption of renewable energy and concentrate on energy efficiency | Assess levels of energy efficiency and focus on energy conservation and improving energy efficiency across ICs                       |
|  |  | Focus on harnessing and increasing consumption (at existing locations) of renewable energy   |

| Key Material Issues                  | Actions  | Initiatives to address the Materiality Issues   |
|--------------------------------------|--|---|
| Renewable energy & energy efficiency | Promote consumption of renewable energy and concentrate on energy efficiency | Create a robust business model spanning across ICs to address the energy challenge                    |
|                                      |  | Initiate product labeling with a focus on energy efficiency of product vis-à-vis global competitors   |
|                                      |  | Provide technical expertise and training to suppliers to enable them to reduce their energy footprint |

## REPORTING SCOPE

L&T publishes Corporate Sustainability Report annually. Our fourth report covers environment, economic and social performance between April 1, 2010 and March 31, 2011. The reporting framework is in accordance with the Global Reporting Initiative (GRI)-G3 2006 guidelines and the applicable GRI Indicator protocols have been followed for reporting on core and additional indicators. The data management techniques used in the report comprised actual computations and estimations. Wherever estimates are made, the assumptions are specified. There is no restatement of information provided in earlier reports.

## Report Boundary

This report covers our nine Businesses and L&T Infotech Limited. All other subsidiaries and associates are excluded. The reporting boundary has been increased to cover all major manufacturing locations, projects sites and offices across India, as well as overseas projects managed from India:

The data for economic performance has been disclosed as per L&T's financial report of FY 2010-11.

### Corporate locations

L&T House (LTH) and MDC (Management Development Centre) have been added to the boundary.

### Construction

Business operations and India based support processes and project sites.

### Hydrocarbon

Project locations and offices within India at Powai, Vadodara, Faridabad and fabrication facility at Hazira. This year, HCP (Hydrocarbon Pipeline Projects) division has been added.

### Heavy Engineering (HE)

Locations at Powai, Hazira, Ranoli, Talegaon, Coimbatore (new location) and Vizag (new location). This year, L&T - Sohar, Oman has been added.

### Electrical and Automation (E&A)

Locations at Powai, Mahape, Ahmednagar, Mysore and Coimbatore.

### Machinery and Industrial Products (MIP)

Construction Machinery Business, LTM, & Kansbahal units. This year, Audco India limited (AIL) and L&T Komatsu (LTK) have been added to the boundary.

### Domestic Marketing Network (DMN)

Offices in India

### L&T Infotech

Offices in India

## Assurance

The assurance of a corporate sustainability report is an evolving concept, covering several approaches. L&T's approach focuses on continuous assessments through internal and external audits of operations and financial report. The report follows GRI-G3 Guidelines to measure sustainability performance. The report is assured by DET NORSKE VERITAS AS (DNV), India and the assurance engagement is of Type 2 and Moderate level as set out in the AA1000 Assurance Standard 2008 covering qualitative and quantitative information. Their assurance statement, describing the work undertaken and their conclusions, is included in this report. L&T declares that the report conforms to Application Level A+ and DNV has confirmed the Application Level.

FEEDBACK

Questions pertaining to the content of the report may be directed to:

### Mr. Ajit Singh

Executive Vice President,  
Corporate Infrastructure and Services

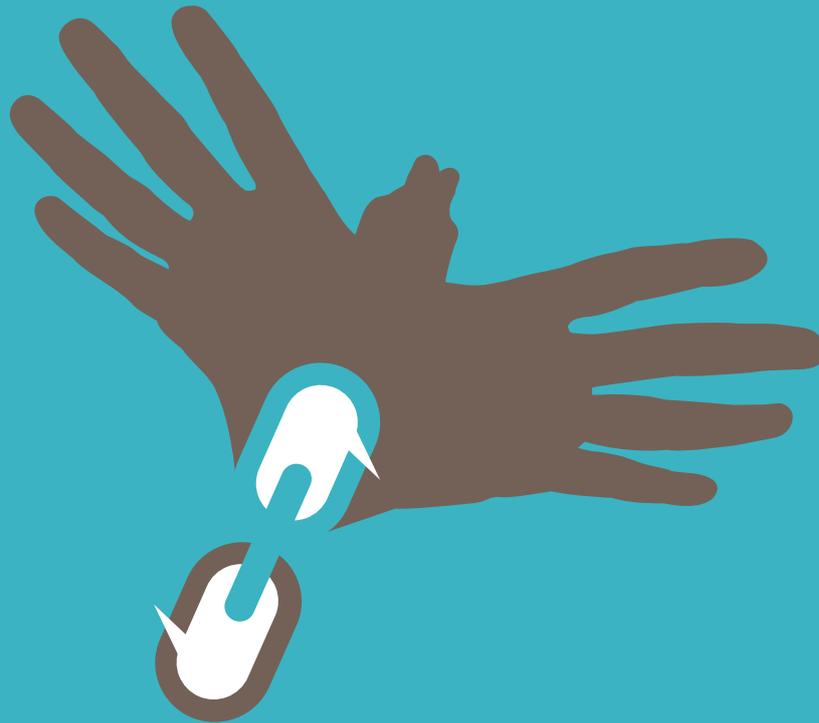
### Larsen & Toubro Limited

Saki Vihar Road, Powai  
Mumbai 400 072, India

[sustainability-ehs@pgm.ltindia.com](mailto:sustainability-ehs@pgm.ltindia.com)

## SUSTAINABILITY TARGETS

| Sustainability Area   | Corporate - Short Term Targets (2009-12)  | Status   |
|-----------------------|---|--|
| Climate Change        | Conduct carbon footprint mapping of L&T Operations  | Carbon footprint mapping of L&T manufacturing locations and project site completed for consecutive second year   |
| Energy Conservation   | To conduct energy audits at all manufacturing locations   | Completed<br>Energy conserved: 27,161,935 units (22,001 tons avoided emissions - since 2008)   |
|                       | Improve energy conservation metric by 10%   | More than 10% year on year since 2009  |
|                       | Develop location-wise roadmap for increased use of renewable energy   | Wind farm of 8.7 MW made operational in South India.<br>Overall level of green energy has increased from 8% to 12.11%.<br>Rooftop Solar PV installations are operational at Chennai, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore & Sohar - Oman |
| Water Conservation    | Adopt zero-discharge approach   | 15 campuses are zero wastewater discharge locations  |
|                       | Reduce per capita water consumption by 10%  | Water footprint mapping planned at five major campuses to further explore conservation opportunities.<br>Overall 5% reduction in water consumption achieved w.r.t 2008-09  |
| Safety                | Achieve zero accident status at manufacturing locations   | 8 L&T campuses, 6 L&T Infotech locations & 19 DMN offices had zero reportable accidents  |
|                       | Reduce FR and SR at project location by 50%   | Frequency Rate reduction of 60% w.r.t 2007-08<br>Severity Rate reduction of 45% w.r.t 2007-08  |
| Management System     | Implement ISO 14001: 2004 and OHSAS 18001: 2007 at manufacturing locations and major design offices   | 19 locations are ISO 14001 & 17 locations are OHSAS 18001 certified out of 22 locations  |
|                       | Implement ISO 14001 : 2004 and OHSAS 18001 : 2007 at project sites above ₹ 7.5 bn.  | All 4 ICs of construction business are ISO 14001 & OHSAS 18001 certified   |
| Health                | Develop organisation wide health index by implementing WoW (Working on Wellness) programme  | Phase I of WoW completed covering awareness, Diagnostic Camps & Workshops<br>Phase - II, Preventive Healthcare activities in 'Thrust Areas' completed at eight locations   |
| Community Development | Continue interventions in CSI thrust areas  | Ongoing  |
|                       | Increase training and employability of underprivileged youth through Construction Skills Training Institute and L&T Charitable Trust activities | Ongoing  |
|                       | Promote employee volunteering   | Ongoing  |
|                       | Include EHS parameters in social engagements  | Ongoing  |



# ENGAGE TO LEVERAGE

Improvement stems from insights and development stems from dialogue. As an organisation that constantly seeks to reinvent itself and remain in a state of future ready, it is but natural that we continuously engage with our stakeholders, gain strategic insights about their expectations and align our businesses to their evolving needs and emerging priorities.



Stakeholder engagement at L&T is an ongoing journey. For an organisation as large and diverse as ours, it is natural that our stakeholders too are a large and diverse community with overlapping and divergent interests.

Our goal is to understand the perceptions and expectations of our stakeholders on a continuous basis and then in collaboration with them work towards achieving desired outcomes. We believe the bedrock of successful stakeholder engagement is a common meeting ground and a convergence of different perspectives, ideologies and ideas.

## Engagement Framework

We have successfully crafted a comprehensive framework for engaging with our stakeholders. The framework is designed to not only help identify key materiality issues but also assist in addressing them.

Last year we commissioned KPMG Advisory Services to conduct a detailed stakeholder engagement exercise across internal and external stakeholders. This helped us get a sound understanding of the existing and potential major issues and undertake sustainable initiatives for the betterment of the organisation and the society as a whole.

Reporting our actions and responding to the feedback is an integral part of our sustainability development process and benefits both the organisation and the stakeholders.

## Modes of Engagement

We regularly reach out to our stakeholders by a carefully woven web of networks and communication channels.

### For External Stakeholders

- Stakeholders engagement session
- Client satisfaction survey
- Day-to-day business interaction
- Quarterly feedback system
- Introducing sustainability parameters in supply chain management
- Investors meet
- AGM (Shareholders interaction)

### For Internal Stakeholders

- Employee satisfaction survey
- GALLUP Engagement Survey for further improvement in employees' engagement process
- RO Center: As system for recognition and celebration
- Circulars
- Social initiatives
- Welfare initiatives for employees and their families
- In-house magazine
- Internal spot news

## Shareholders

We use different modes and media to engage with our shareholders. The views that flow in from the shareholders are sifted and incorporated into our day-to-day operations. Mass media tools like press-releases, website, brochures, bulletins, speeches and conference presentations keep our investors posted on feats achieved and projects undertaken.

Periodic personal meetings, video-conferences, emailers and responding to the queries through phones and emails are some of the institutionalised engagement apparatus to cater to the needs of the investors.

The Company's Annual Financial Report is mailed to shareholders and the quarterly financial reports are published in local and mainline newspapers. Announcements inviting shareholders to the Annual General Meetings are published in accordance with regulations.

## Customers

The nature of our business keeps us in regular contact with our customers. Vibrant dialogue is for us a business imperative and delivery on expectations a daily truth.

But as a customer centric organisation we are well aware that even this dialogue can be improved upon and thus are constantly on the lookout for fresher and novel mechanisms.

To augment customer engagement, create awareness and retain preference we deploy multi-disciplinary media tools including;

- Brand-building and product advertising campaigns
- Bulletins, newsletters and brochures
- Leaflets
- Media
- Website
- Speeches and conference presentations
- The Annual Review - a synopsis mailed to customers and made available on our website

Customer satisfaction is at the heart of an organisation. It is believed that it costs five times as much to attract new customers as it does to keep an existing one. We keep track of customer satisfaction through periodic surveys and focus groups conducted on our behalf by independent market research agencies.

## Engagement Outcomes

Effectiveness of an engagement process lies in the insights it yields. Highlighted beside are a few insights from some of our key stakeholders.

## Investors

Our investors have applauded our advancement in:

- Leadership development
- Focus on HR management
- Capture global market
- Adherence to global standards
- Visibility of social responsibility initiatives
- Sustainability Practices

Main reasons why investors select L&T

- Strong business model
- Robust risk management framework

## NGO

- Almost all the NGOs responded that L&T regularly engaged with them for receiving their feedback and also for creating new projects
- All NGOs reported that it was through joint efforts that projects were selected, objectives set and projects executed

## Suppliers and Clients

- Majority of suppliers and clients perceive L&T as the best EPC Company and significant employees think of L&T as a good employer and remaining as a progressive Company
- Suppliers rate their experience in dealing with L&T personnel as excellent and most number of suppliers rate experience of resolving issues with L&T as good
- Clients rated L&T very high on the performance parameters such as product responsibility, efficiency, reliability, consistency and quality

We have professional communication officers stationed at every IC to ensure the continuance of this two-way dialogue between the organisation and its stakeholders. Channels are also kept open for the stakeholders to approach the highest governance body for sharing feedback and redressing their issues if any.





# EMPOWER TO EXCEL

We value our employees and provide them a platform to blossom. Responsibility is delegated with commensurate authority and our entrepreneurial work culture encourages decision making. At L&T, employee empowerment is both - a philosophy and a strategy to nurture organisational and individual excellence.

TOTAL TRAINING HOURS  
**44%**  
RISE

HAZIRA CAMPUS AWARDED  
**5 STAR RATING**  
BY THE BRITISH SAFETY COUNCIL

ONLINE NEAR-MISS REPORTING



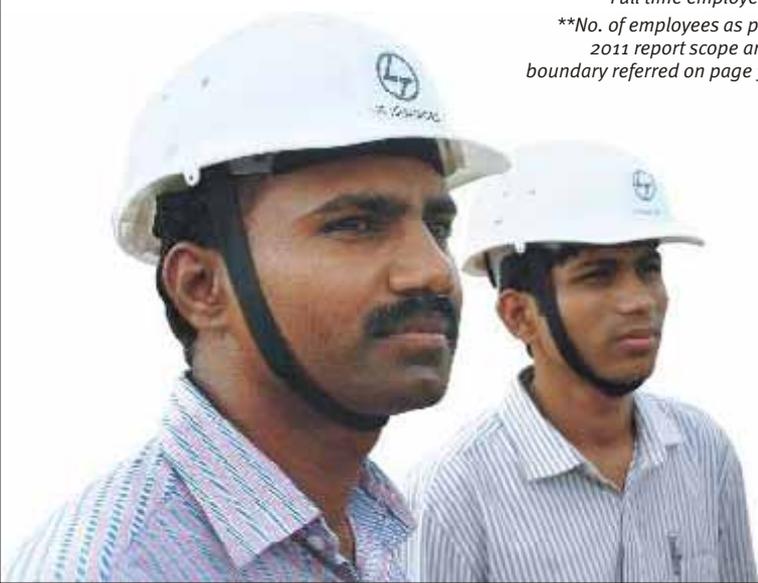
We value our employees as our single most vital resource. Our Human Resource policies are designed to help people realise their full potential.

We constantly align human capital strategies with business strategies to provide every team member the opportunity to fulfill their career ambitions.

| TOTAL WORKFORCE                  |          |
|----------------------------------|----------|
| L&T*                             | 36,604   |
| L&T INFOTECH*                    | 13,461   |
| Sub Total                        | 50,065** |
| Full Term Contract Workers       | 310,974  |
| Total including Contract Workers | 361,039  |

\*Full time employees

\*\*No. of employees as per 2011 report scope and boundary referred on page 31



## Talent Management

In today's environment of skill shortages and a multi-generational workforce, recruitment and retention of employees through active engagement is a strategic focus area at L&T.

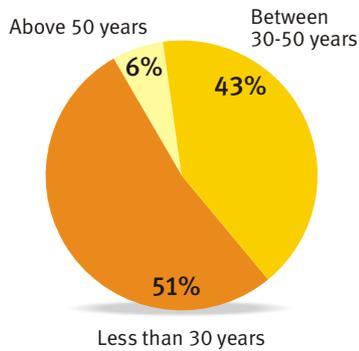
We empower our people with the power to think laterally, induce a feeling of camaraderie and provide them a conducive work environment which:

|  |
|--|
| Encourages innovation                              |
| Respects individual dignity                        |
| Promotes safety and good health                    |
| Synergises responsibility with authority           |
| Recognises and rewards good performance            |
| Provides consistent avenues for accelerated growth |

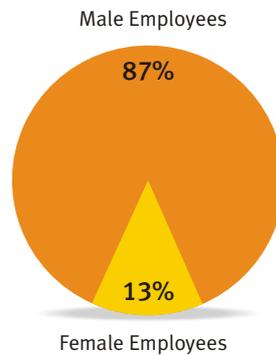
In sync with the demographic profile of the country, L&T too is young. Over 50% of the employees are under the age of 30. Our talent management strategy is aimed at harnessing the energy and creativity of these young minds.

## Workforce Composition

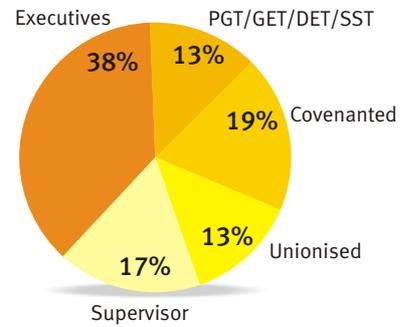
AGE DISTRIBUTION %



GENDER DISTRIBUTION %



CADRE DISTRIBUTION %



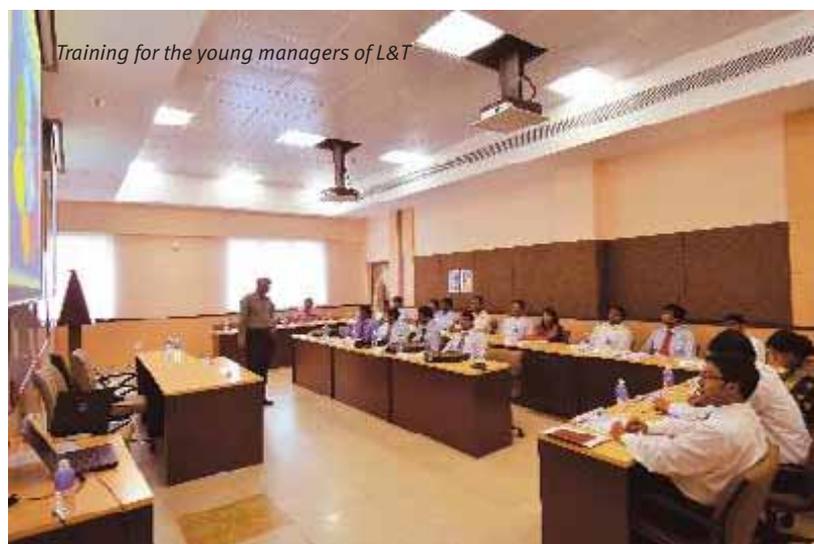
## Training

Our human resource development team formulates a wide variety of training programmes to nurture and nourish the competencies of our employees. These interventions are not limited to technical and functional domains; they also encompass behavioral and managerial domains. High on the agenda are programmes geared to enhance safety standards.

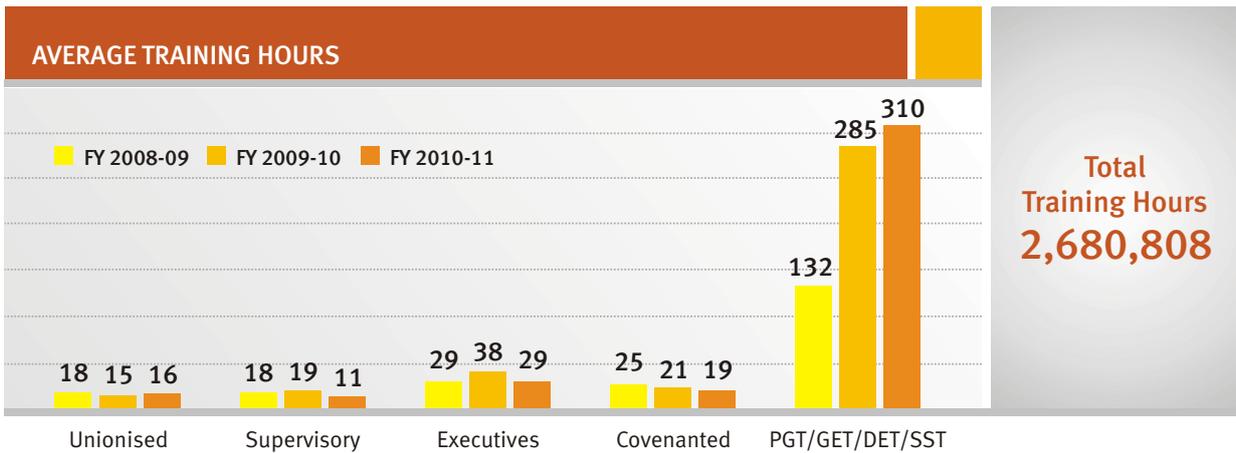
We have institutionalised many training enablers including a state-of-the-art Management Development Centre at the hill resort of Lonavala near Mumbai. Periodic appraisals, performance reviews and one-on-one counseling, help identify training needs of each team member. New age methodologies which are interactive and participatory are preferred over legacy classroom training. Experts and training faculty are invited from across the globe to share international best practices. Our strong information technology backbone is leveraged to provide video-conferencing and e-learning. This helps neutralise geographical distances, reduce unproductive travel time and enables employees to learn as per their convenient time and pace.



L&T's Management Development Centre (MDC) at Lonavala



Training for the young managers of L&T



The total training hours grew by 44% this year as compared to last year. This growth was complemented by a growth in the variety of programmes to ensure holistic all-round development.

Below is a glimpse of some of the diverse training programmes and development initiatives undertaken this year:

#### Project Management

In a pioneering effort, L&T set up Institute of Project Management (IPM) at Vadodara for developing leading project managers across the domains of Engineering, Procurement & Construction. The faculty comprises outstanding academics and project management professionals.

In January 2011, Electrical & Automation was presented the prestigious 'Golden Peacock National Training Award 2011' in the 'Engineering' category, at the 21st World Congress of Leading 360 degree Transformation.

#### GLOPAT (Global Expat) Programme

A strategic learning initiative to develop global business acumen and leadership; to drive and manage international initiatives. GLOPAT programmes are designed to cover various aspects of international business such as global business strategy, cultural sensitivity, customer relationship management, international finance & taxation, international law & statutory requirements, managing risks, etc.



#### Managing waste programme

L&T plans to conduct awareness programmes in 2011-12 on handling of waste & monitor the authorised vendors' processes to ensure proper disposal.

## Ergonomic Assessment

An Ergonomic Assessment survey followed by an intensive training session was conducted at the Powai, Vadodara & Faridabad campus covering 417 employees.

## CSR Training

11 sustainability training programmes were conducted covering 800 new joinees. Human rights training is a part of induction training programme.

## Capability And Leadership Development (CALD)

A programme which provides a life cycle overview of an EPC Project, CALD judiciously blends the experience gained by L&T in executing world-class projects with the latest global concepts.

## Retirement Planning

The programme assists employees to efficiently manage retirement. It covers the following dimensions:

- Facing a new reality
- Developing the right psychological framework
- Post retirement medical issues
- Details of retirement benefits
- Financial Planning - types of investments, where to invest and planning for it
- Dealing with kith and kin
- Managing life

## Talent Acquisition & Retention

At L&T, talent acquisition forms a part of a much broader strategic approach in the quest to gain and sustain a competitive advantage in today's market place.

Our talent management programme comprising talent attraction, development, retention and transition is aimed at reinforcing L&T's position as the best place to work.

Meritocracy is the underlying philosophy that guides our recruitment decisions. We hire the brightest from the leading institutions in India. While most new members of the L&T family join as fresh graduates and then grow with the Company, we also recruit laterally to cater to the rapid business growth.

Over and above consistent engagement and training, our retention strategy includes various initiatives such as periodic review of the compensation package, benefits benchmarked against the best in the industry, rejuvenating the campus facilities, aggressive but achievable targets and providing a challenging work environment.



## Employee Turnover

| L&T              | Male         | Female     |
|------------------|--------------|------------|
| Less than 30     | 1,484        | 207        |
| Between 30 to 50 | 964          | 33         |
| More than 50     | 139          | 3          |
| <b>Total</b>     | <b>2,587</b> | <b>243</b> |

| INFOTECH         | Male         | Female       |
|------------------|--------------|--------------|
| Less than 30     | 1,687        | 852          |
| Between 30 to 50 | 775          | 154          |
| More than 50     | 10           | 0            |
| <b>Total</b>     | <b>2,472</b> | <b>1,006</b> |

The minimum notice period is being governed by the terms of employment as stated at the particular level, as well as in the collective bargaining agreement.

## Employee Benefits

### Collective Bargaining

All unionised employees are covered under collective bargaining. There are no identified operations in which the right to exercise freedom of association and collective bargaining may be at significant risk. All possible actions are taken to support these rights.

### Minimum Wages to Workmen

L&T follows a policy of strict adherence to statutory & regulatory norms for payment of wages & benefits. The minimum wages compliance is 100%. Statutory benefits like PF, labour colony and medical facilities are also provided for their well-being.

### Organisation's defined benefit plan obligations

L&T provides various benefits to full-time employees. These include life insurance, health care, maternity leave, disability/invalidity coverage and retirement provision. In addition, L&T also provides gratuity, post-retirement medical benefits, pension and provident funds as per the Company norms.

### Minimum Notice Period of Operational Changes

For notice period regarding operational changes we follow the procedures mentioned in the Industrial Disputes Act (21 days).



## Occupational Health and Safety

Our employees are not a part of our organisation, they are the organisation. Their safety and health are of utmost importance to us. At L&T, safety is an integral part of operational excellence.

### Our comprehensive 'Environment, Health & Safety Management System' includes:

Detailed safety manuals

Workplace safety training programmes that equip employees to mitigate risks and minimise accidents

Use of safety protective gear

Daily toolbox pep talks

First aid & emergency evacuation processes

Preventive practices for specific high risk activities

Insurance schemes and employee safety policies

Periodic audits and safety reviews

Recognition & Reward programmes for safety performance

Study of best practices from external agencies such as British Safety Council, National Safety Council, Safety Consultants and other Government Agencies

L&T's safety measures have won wide spread recognitions. The reduction in the number of project sites has led to a sharper focus on safety at each worksite.

Selected businesses have engaged services of leading consultants to strengthen the safety culture.

National Safety Day is celebrated at all locations of L&T to reinforce the importance of safety. Distribution of prizes & appreciation letters to winners of Safety Quiz, Safety Posters, Safety Slogans and Safety Exhibitions not only spreads awareness but also helps keep the motivation high.

## CASE STUDY



### SAFETY: FROM MANUAL TO MINDSET

The L&T facility at Vizag is a representative of a typical L&T worksite, with high commitment towards safety.

#### Standard Safety Systems at Vizag include:

- Safety training for all workmen and staff on induction
- Monthly emergency mock drills
- Monthly EHS drives to enhance safety awareness and improve safety compliances
- Monthly inspections of equipment like fire extinguishers, scaffolding, hydra, ELCB etc.
- Analysis of previous first aid cases to reduce first aid trend
- Rewards for 'Best safety conscious workman' in each category
- Tool box talks for workmen
- Surprise safety spot checks at regular intervals
- Yearly 'Safety Month' celebrations

#### Outcome



As a result of stringent procedures, robust systems, meticulous analysis, continual improvement and constant review,

**Vizag site achieved  
1,759 accident free  
days and 23.7 million  
safe man-hours.**



## Project Site Practices

To ensure safe practices by all at the workplace, we realise that we need to go beyond compliance by constantly improving our work environment and creating awareness. We have safety committees at all our manufacturing locations. We encourage more than 50% participation of the workers in the safety committee, which increases ownership. At business level, we have safety review committees, which also involve participation of union office bearers.

Employees as well as workmen are trained in:

- Importance of EHS
- Defensive driving
- Legal requirements
- Construction hazards and precautionary measures
- Precautionary measures during radiography
- Safety while working at heights
- Safety during material handling
- Confined space entry requirements



Safety slogans for L&T workmen

### Safety Programmes conducted for workers

- Installation of delay start mechanism in P&M
- Use of Special DB IP- 41 for safe use of electricity
- Provision of e-learning system (Mobile E-Learning Vans) for conducting EHS
- Induction training programmes at various locations of the project sites

### Programmes conducted for contractors

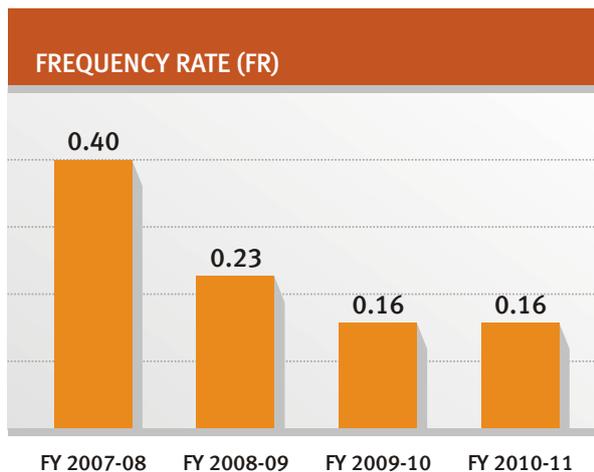
- Safety training during induction
- Class room training on safety gear and first-aid
- Tool-box talk on safe working method

Formal agreements with trade unions include aspects on Occupational Health and Safety like audits and accident investigations, training and education, complaints mechanism, right to refuse unsafe work and periodic inspections. Such agreements also cover aspects related to compliance with global agreement such as Compliance with International Labor Organisation (ILO) Conventions and Codes of Practice, and arrangements or structures for resolving problems.

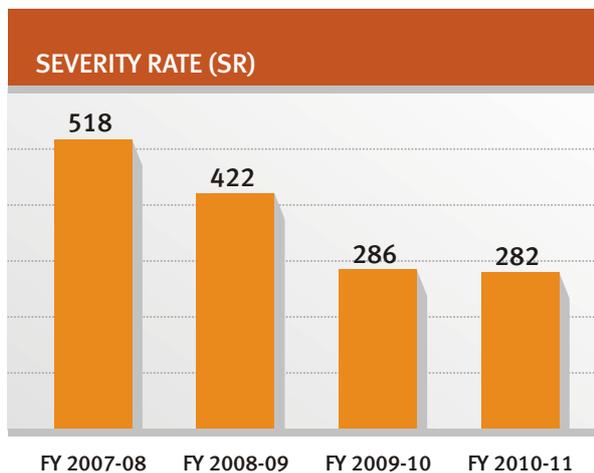
Scaffolding erection training at CSTI, Chennai



## Safety Performance



FR=Number of reportable accidents per million man-hours worked



SR = Number of man-days lost per million man-hours worked



Fatality Rate = Number of fatalities per lac workforce

Due to the increased scope this year, the above trends have been derived as per the scope of FY 2007-08 report

| Current year's scope | FY 2010-11 |
|----------------------|------------|
| FR                   | 0.18       |
| SR                   | 258        |

### No. of Fatalities

|            |    |            |    |
|------------|----|------------|----|
| FY 2007-08 | 40 | FY 2008-09 | 39 |
| FY 2009-10 | 29 | FY 2010-11 | 37 |

## Diversity and Equal Opportunity

We foster an environment that respects the diversity of the entire workforce and provides opportunities for employees to contribute towards fulfillment of the Company mission.

We at L&T believe that diversity and equal opportunities are the source of strength and strategic base for the success of the Company. It is a prerequisite for a dynamic and productive work place. Therefore all employees regardless of gender, ethnicity, nationality, age, sexual orientation, political or religious affiliation are evaluated based on the same basic principles - performance, experience and potential.

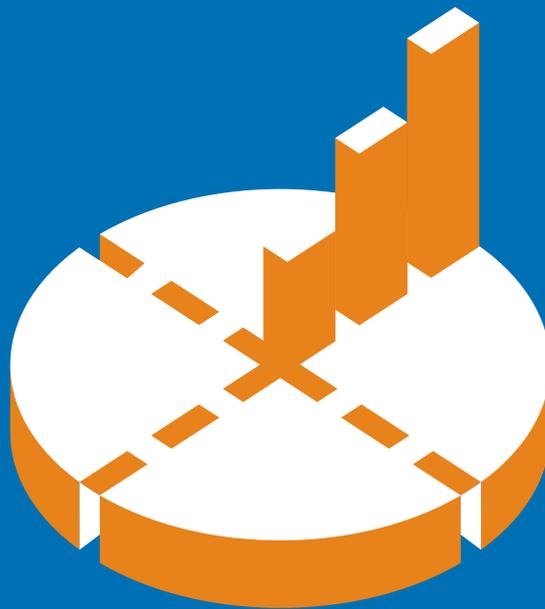
## Human Rights

No units of L&T permits either child labour or forced labour in any of its operation carried out by self or by any representatives like sub-contractors within the premises of the unit.

Our Hazira unit has made conscious efforts to provide opportunity to the physically challenged people at various levels. We also encourage our sub contractors to empower them with livelihood opportunities.

At project sites, we comply with the applicable legal requirements and contractual agreement. The general condition of contracts states that contractor or supplier shall not engage in child labour, forced or compulsory labour. The environmental and social 'Code of Conduct' for supplier propagates Human Rights screening. It is the responsibility of the top management through the members of their strategic business unit heads and unit heads to ensure implementation of good practices of human rights.

The compliance to applicable human rights relations is included in all investment agreements. There were no incidences of discrimination related to employees' right to freedom of association or violation of local rights reported in the year.



# DIVIDE TO MULTIPLY

The relationship between rate of growth and current scale is a bell curve. Beyond a point, scale transits from being a prime-mover to being extra load. To achieve multiplication of opportunities and the fleet-footedness to harness them, we have divided our businesses into ten leaner 'Independent Companies'.

**ORDER INFLOWS**  
**15%**  
**GROWTH**

**REVENUES**  
**19%**  
**GROWTH**

**RECURRING PAT**  
**15%**  
**INCREASE**

**CAPACITY EXPANSION**



**The Future**

Size does matter but bigger is not always better. When the goal is to achieve accelerated growth across diverse segments in an intensely competitive environment, it is important to stay lean and nimble. We are aware, what got us from USD 1 billion to USD 10 billion, alone will not get us from USD 10 billion to USD 50 billion.

Growth fuels size and size fuels complexity. L&T has 64 business units and operates in diverse industries including construction, engineering, power, shipbuilding, electrical and automation, machinery & industrial products, financial services and software businesses.

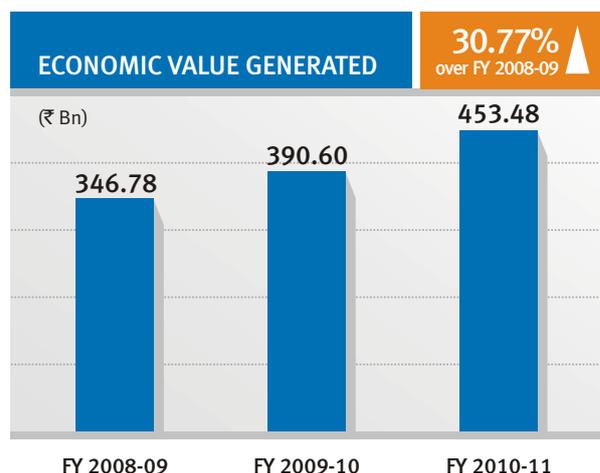
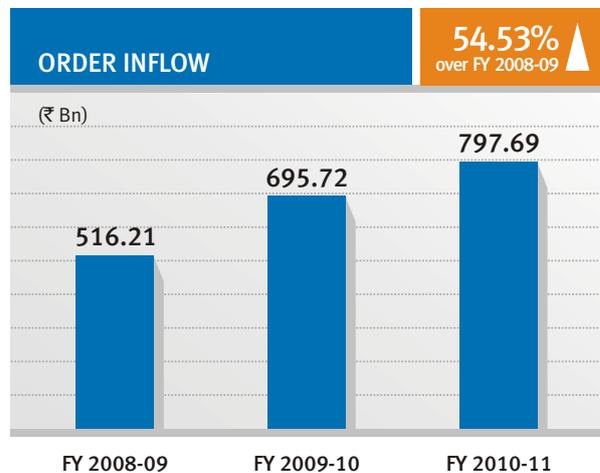
To simplify the structure and better manage growth, L&T is being reorganised into ten 'Independent Companies' (ICs), each with its own board.

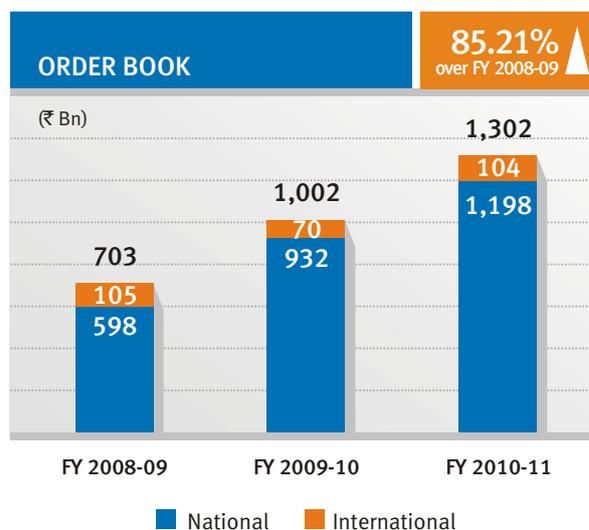
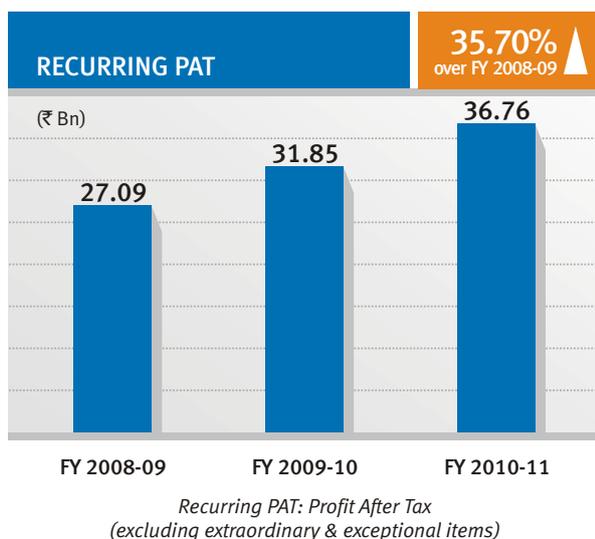
The creation of ten independent companies will enable L&T to become more aggressive, nourish talent and potentially unlock value. Decision-making will be closer to business which will augment the leadership pipeline. The performance of each IC is expected to improve due to greater focus, empowerment, transparency and effective leadership. The emerging structure will be able to convert opportunities to growth at an accelerated pace.



**Economic Value Generated**

Our constant endeavour to get the basics right has helped us maintain an impressive order book and robust financial health. In FY 2010-11, we stayed on course and continued to gain significantly through focus on competency, quality assurance and delivery. Raw material inflation and increased operating expenses were mitigated by optimal sourcing, smart contracting and timely & cost efficient execution of orders on hand.





**L&T's market capitalisation as on 31st March, 2011 increased to ₹ 1,006.58 billion, as compared to ₹ 979.39 billion as on 31st March, 2010. This was the result of a good all-round performance by the Company.**

*For further information on net sales and total capitalisation in terms of debt and equity please refer page 14 of L&T's Annual Report 2010-11. The figures are as per L&T's Annual Financial Report 2011 and changes, if any, are mainly due to amendments in the presentation format.*

| Particulars | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|-------------|------------|------------|------------|
| ROCE (%)    | 18.50      | 15.90      | 15.10      |
| EVA (₹ Bn)  | 8.90       | 5.90       | 5.03       |
| EPS* (₹ Bn) | 59.50      | 73.77      | 65.33      |

The relative reduction in the returns is attributable to the investments in the emerging businesses and expansion of facilities that are in a nascent phase.

*\*Including extraordinary and exceptional items. FY 2009-10 had higher extraordinary/exceptional items than FY 2010-11*

| <b>LIQUIDITY AND CAPITAL RESOURCES</b> <span style="float: right;">(₹ Bn)</span> |            |            |            |
|--|------------|------------|------------|
|  | FY 2008-09 | FY 2009-10 | FY 2010-11 |
| Cash and cash equivalents at the beginning of the period                         | 9.64       | 7.75       | 14.32      |
| Add: Net cash provided / (used) by:  |            |            |            |
| • Operating activities   | 14.79      | 54.85      | 38.61      |
| • Investing activities**   | (44.30)    | (77.13)    | (32.33)    |
| • Divestment proceeds  | 11.21      | 16.41      | 7.95       |
| • Financing activities   | 16.41      | 12.44      | (11.25)    |
| Cash and cash equivalents at the end of the period                               | 7.75       | 14.32      | 17.30      |

*\*\*We did not receive any financial assistance from Government in 2010-11*

To view our detailed financial performance please visit [www.larsentoubro.com](http://www.larsentoubro.com)

This strong financial position of the Company will support its long term growth objectives and continue to deliver shareholder value.

## Economic Value Distributed

The quantum of economic value distributed has increased across the entire spectrum of stakeholders.

| ECONOMIC VALUE DISTRIBUTED                         |            |            |            |
|--|------------|------------|------------|
|  | ₹ Bn       |            |            |
|  | FY 2008-09 | FY 2009-10 | FY 2010-11 |
| Manufacturing, construction and operating expenses | 262.72     | 285.37     | 334.32     |
| Employee wages and benefits                        | 19.75      | 23.79      | 28.85      |
| Payments to providers of capital                   |            |            |            |
| • Interest   | 4.16       | 5.05       | 6.47       |
| • Dividend   | 6.15       | 7.53       | 8.83       |
| Payments to government                             | 30.00      | 34.08      | 44.64      |
| Community investments                              | 0.44       | 0.64       | 0.68       |

## Enriching Stakeholders

### Customers

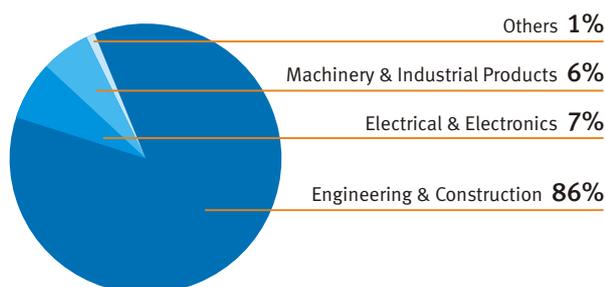
In line with our long-term strategic plan - Lakshya 2015, we are vigorously pursuing growth initiatives which include capacity expansion and business integration. Efforts are also underway to encompass all value creating and critical activities in each core business under a single vertical. All these endeavours are targeted towards one common goal: providing greater value to our customers.

Robust growth of our order book reinforces the continued support that we enjoy from our customers. Over the last five years, the compound annual growth rate of order inflow is 27% and that of our order book is 37%.

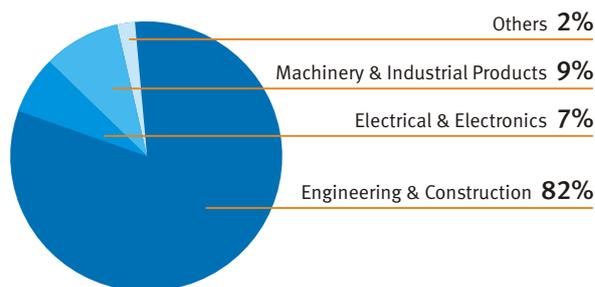


Our order book witnessed prestigious orders in EPC power, buildings & factories, minerals & metals and power transmission & distribution sectors during the year.

### SALES BREAKUP BY BUSINESS



### PROFIT (PBIT) BREAKUP BY BUSINESS



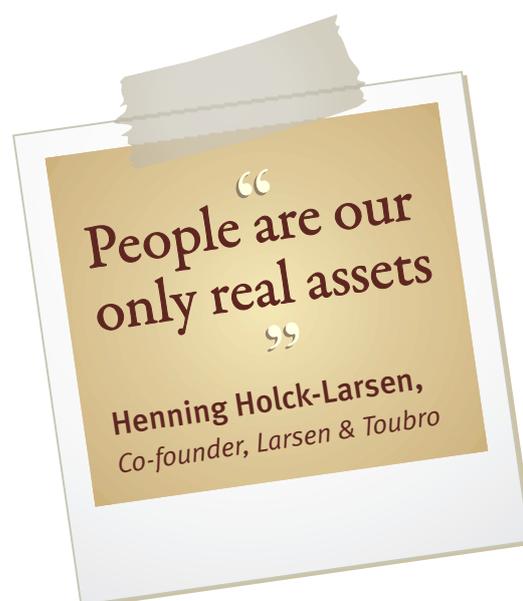
## Employees

Our belief in the power of human resources is growing stronger. Attraction and retention of quality talent has been one of the cornerstones of our success. L&T increased its employee strength by 16% this year to 45,117, an increase of 6,332 employees.

We believe that Employee Stock Options (ESOPs) are not only potent wealth generators but also instil a strong sense of ownership amongst employees and forge enduring bonds with the organisation. We were one of the first 'brick and mortar' companies to offer ESOPs in India.

The staff expenses for the year 2010-2011, at ₹ 28.85 billion, increased by 21.3% as compared to the previous year. This was mainly a result of increase in the number of employees and a larger payout to them.

We offer employee benefits like provident fund, pension, gratuity, leave encashment and superannuation in accordance with Company norms.



| EMPLOYEE COSTS                           |              |              |              |
|--|--------------|--------------|--------------|
|  | (₹ Bn)       |              |              |
|  | FY 2008-09   | FY 2009-10   | FY 2010-11   |
| Cost towards wages/salaries (a)          | 16.05        | 19.23        | 23.47        |
| Other benefit costs (b)                  | 3.69         | 4.57         | 5.38         |
| <b>Total personnel cost = a+b</b>        | <b>19.74</b> | <b>23.79</b> | <b>28.85</b> |
| Average payout per employee (in million) | 0.53         | 0.61         | 0.64         |

## Indirect Economic Impacts

L&T's growth has always been symbiotic with that of the local economy. Contractors, local communities, talented professionals and a host of SMEs play a vital role in the efficient delivery of our products and services. Our businesses continue to contribute significantly to their growth.

We invest time and money to develop and enhance the capacity and capability of the various links that form our supply chain.

### Vendors and Local Sourcing

We are supportive of local suppliers and vendors. This gives the small & medium businesses an opportunity to implement better management practices, participate in large magnitude projects and become partners in the growth story. Our interdependence with our local suppliers continues to be robust and in FY 2010-11, we sourced about 80% of our requirements from them.

We not only procure our requirements from local vendors, but also encourage our customers to purchase from local vendors approved by us. Approval of such vendors is based on experience with the vendor, their ability to meet technical requirements, material availability, costs and economics. Different ICs have a different mix of local and foreign sourcing that depends on their areas of operations.

Our manufacturing footprint extends across the Gulf (Oman, Saudi Arabia and Dubai), South East Asia (Malaysia, Indonesia), China and Australia. At all locations, we make use of a wide variety of materials and hence are continuously seeking to enlarge our supplier base.

Our vendors for major procurements like bulk materials (steel, cement) are large corporations with well-established systems. Significant suppliers also have management systems conforming to ISO: 9001. To ensure that our suppliers comply with quality standards, we have set a robust quality rating system. We also share our learning on subjects like 'value engineering' and 'six sigma' with our key suppliers at various locations.

## Vendor & Supplier Engagement initiatives by Heavy Engineering

A number of workshops were conducted to help vendors enhance quality standards.

The ongoing Supplier Quality Improvement Programme benefited over 100 suppliers.



## Climate Change

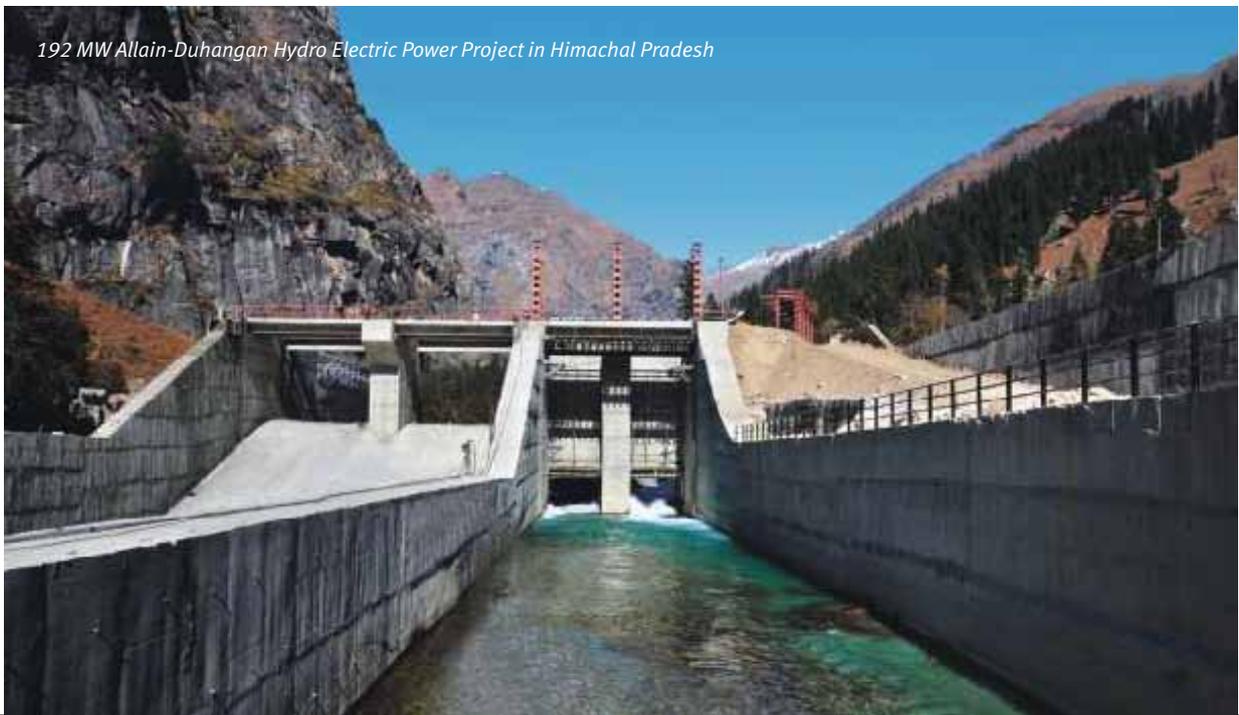
L&T has the distinction of being the 'first mover' in sustainability initiatives. We were the first company in engineering and construction space to report our sustainability performance as per the globally recognised GRI Index (Global Reporting Initiative). We have aligned our environmental initiatives with the National Action Plan for Climate Change (NAPCC) of the Government of India.

For the second consecutive year, we completed organisation-wide carbon footprint mapping exercise and identified avenues for mitigating and controlling emissions. We were among the first few companies in India to undertake such an exercise. In 2010-11, we initiated a comprehensive exercise for identifying initiatives to further reduce our water footprint.

Technological up-gradation is one of our thrust areas and we implement cutting-edge technologies that minimise adverse environmental impacts. We leverage our professional relationship with our customers and encourage them to adopt environment-friendly technologies. Our energy-efficient products and services help our customers minimise their carbon footprint.



*192 MW Allain-Duhangan Hydro Electric Power Project in Himachal Pradesh*

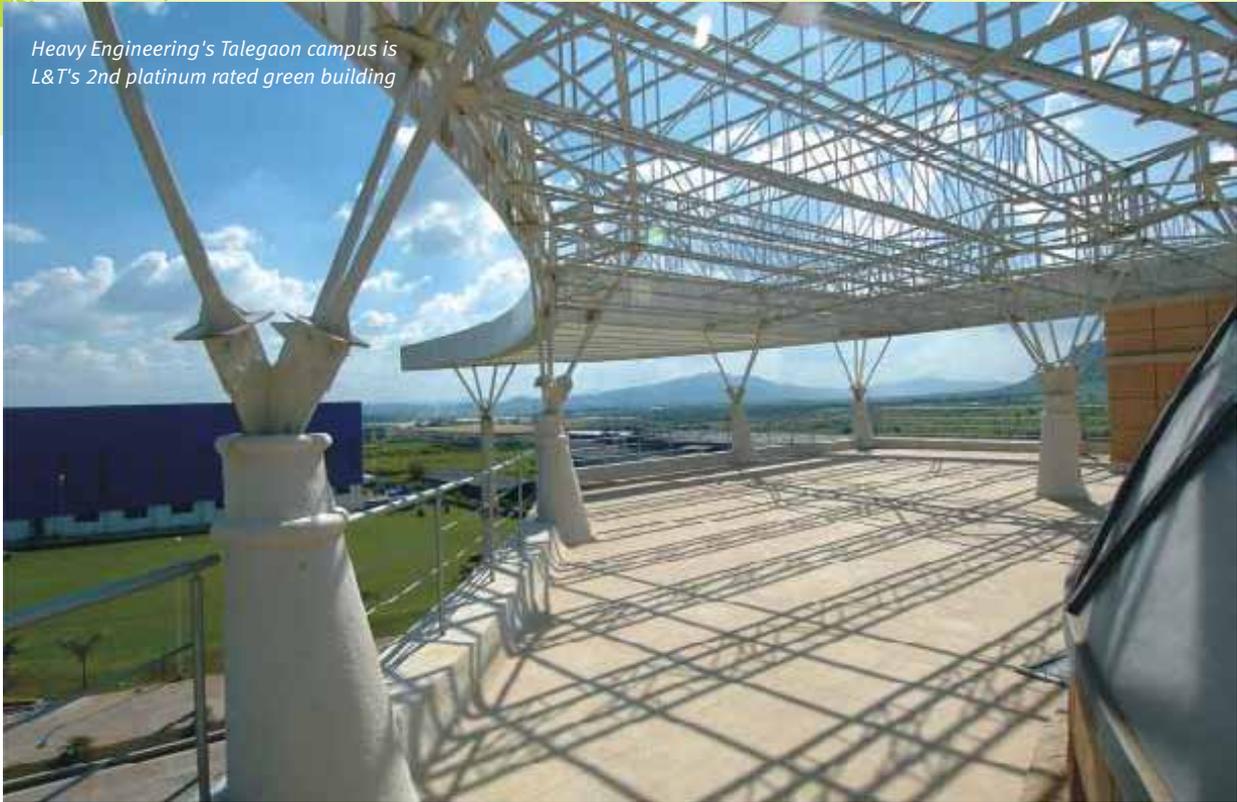




## Green Portfolio

Our growing focus on environment friendly products accompanies a rapid rise in the revenue contribution of our green products. The green portfolio cuts across business verticals, with multiple verticals acknowledging the significance of offering eco-friendly products.

Heavy Engineering's Talegaon campus is L&T's 2nd platinum rated green building



### CONSTRUCTION

#### Green Buildings

Green Buildings is a thrust area for L&T. Our expertise and experience in the domain are key to retain our leadership position as India's premier construction conglomerate. Our B&F business (Buildings & Factories) has constructed more than 10.2 million sq. ft. of certified green building space, the largest by any engineering & construction company in India. Tie-ups are being forged with green building material manufacturers and suppliers.

#### Solar EPC

L&T provides turnkey EPC solutions for Solar PV (Photovoltaic) power projects. Solar projects with a cumulative installed capacity of 83 MW (Megawatt) are under various stages of execution.

#### Hydro Projects

Hydroelectric power projects provide energy without combustion of fossil fuel. L&T has developed the requisite capability to execute Hydel projects and is targeting an installed capacity of 2000 MW as a developer or EPC contractor over the next few years.

### HYDROCARBON

#### Fertiliser (Energy Conservation & Fuel Switch project) and DHDS projects

The production of fertilisers is one of the most energy-intensive processes in industry. Policy and profits are persuading fertiliser manufacturers to switch from fuel oil and Low Sulphur Heavy Stock (LSHS) based ammonia plants to natural gas and Re-gasified Liquefied Natural Gas (R-LNG) based ones.

L&T is the leading turnkey provider of technology to enable this fuel switch and is already executing three such projects, one for GNFC (Gujarat Narmada Valley Fertilizers Company Limited) which will result in energy conservation of 39.02% per metric ton of Ammonia and two for National Fertilizers Limited which will result in 26% reduction of energy consumption per metric ton of Ammonia.

The cleaner fuel will have added advantage of less than 10 ppm of SOx emission and elimination of ammonia discharge in the waste water.

## Green Product Portfolio

Sales  
2010-11  
(₹ Bn)

Revenue from Green Product Portfolio

42.65

Total Sales

438.86

Percentage of Total Sales **9.72%**

*L&T's supercritical technology offers multiple economic and environmental advantages*



### POWER

L&T has set-up a ₹ 20 billion supercritical equipment manufacturing facility at Hazira to serve national and international power plants. The supercritical technology based power plant provides a host of sustainable benefits such as:

- Reduction in fuel cost
- Reduction in coal consumption up to 5%
- Resultant reduction in CO<sub>2</sub> emissions
- Minimise dependency on uncertain supply and volatile pricing of hydrocarbon inputs
- Water savings of approx. 5 - 7%
- Land savings of approx. 20%
- Savings in spare part consumption of 20 - 30% over the life cycle

### MACHINERY & INDUSTRIAL PRODUCTS

#### Wind Castings

L&T manufactures large size castings for wind turbines at its state-of-the-art foundry at Coimbatore and enjoys a dominant 45% market share in India.

### INTEGRATED ENGINEERING SERVICES

#### Carbon Footprint Mapping

L&T Integrated Engineering Services provides carbon management solutions which include carbon footprint mapping, identifying 'Hot-Spots' in processes, facilities and project sites plus recommendations for 'Cost Avoidance' in terms of energy, operations and materials cost.





*The wide range of electrical and electronic systems of L&T is widely used in the industrial and agricultural sectors as well as in the segment of buildings and commercial complexes.*



## ELECTRICAL & AUTOMATION

### Metering

Distribution is the weakest link in India's power sector, with aggregated technical & commercial losses (AT&C) amounting to 30%. A major component is due to pilferage and inefficiencies in metering.

L&T Metering & Protection Systems (MPS) Business Unit has initiated development activity on the eco-system required for smart meters and developed technologies for communication of meter data over GSM network / low range radio / power line. These initiatives will ultimately integrate with the Smart Grid project of the Government of India which aims to enhance transmission and distribution efficiency.

### Building Management System

Entire suite of products like energy meters, power factor improvement capacitors, drives and solutions in energy management and plant automation help reduce energy consumption in buildings and industries.

### Eco-Care

As a certified Energy Service Company (ESCO) by Bureau of Energy Efficiency (BEE) E&A Business Unit provides energy audit service under brand Eco-Care and equip our customers with the necessary tools to measure, monitor and reduce their energy consumption.

## HEAVY ENGINEERING

### Coal Gasifier, Clean Fuel & Supercritical Power Components

Developed economies like USA, Europe and Australia are considering power plants based on Coal Gasification instead of conventional power plants. Coal gasification projects are being implemented to supply syngas for manufacture of ammonia, methanol, CTL, MTO etc. In a nutshell, a promising mega-trend is developing across the world.

L&T forayed into the Coal Gasification business in 2004 and has already supplied 10 gasifiers for various projects internationally.

## Switching on the Sun



### PROJECT HIGHLIGHTS

**Area covered:**  
35 Acres

**Type of module:**  
Thin film  
solar module  
(with efficiency of 6-8%)

**Number of modules  
in Plant:**  
39,090

At L&T, we constantly leverage our expertise to extend our product portfolio. We recently commissioned a 5MW Solar PV power plant for a leading solar energy provider in Surendranagar District, Gujarat.

L&T provided turnkey EPC solutions for this power plant, including design, engineering, manufacturing, procurement, erection, testing and commissioning.

### Outcome

- **Total project value:**  
₹ 638 million  
(approx USD 14 million)
- **Estimated annual green power generation:**  
7.8 MU (million units)  
(~20,000 kWh per day)
- This project in resonance with Jawaharlal Nehru National Solar Mission (JNNSM) is a step towards increasing share of renewable energy in the power generation programme of India and will also contribute in reducing carbon emissions.



## Modular Thinking Shows the Way



At L&T Heavy Engineering (HE) Hazira, there were only 2 furnaces available in the shops to carry out heat treatment operations. During the reporting year, 500 heat treatment charges were required to be carried out for various reactors under manufacture. This would have led to bunching of reactors for heat treatment and heat losses due to slow internal movement of pre heated sections (200° C) from the shop floor to the furnace and vice versa.

To minimise heat losses, reduce cycle time and to facilitate smooth fabrication flow nine modular furnaces varying from 6.4 m to 10.5 m in length in fabrication bay were designed and developed by the Hazira team. These sustainable box furnaces offer increased cost effectiveness, quality and safety while reducing noise pollution, error and wastage during the pre-heating operations.

### Outcome & Benefits

#### Savings in operations

[maintaining pre heat during job handling + logistics]

**₹ 25 million**

#### Savings on furnace recovery

**₹ 35 million**

#### Cycle time reduction

**43% on critical path**

## The Economics of Energy in Oman

### Freedom from diesel generators

L&T's administration office at Oman was powered by 100 kVA diesel generator set which, in addition to the fuel cost, also involved annual servicing expenditure. On acquiring permanent power, the administration office was connected to the substation through a power cable.

This initiative is expected to yield cost savings in revenue expenses and fuel costs. The investment will be recovered within two-and-a-half years.

### Small Steps, Big Savings

Four high frequency generator sets were used to power hand-grinders. These needed to be switched on and off manually. To prevent this inefficient manual operation and idle running during break, timers have been installed in the logic circuits to automatically turn the generator off during break time in every shift.



This small initiative has resulted in energy savings of **17,460 kWh** as well as fuel costs.



# COMPETE TO CONSERVE

Healthy competition comes naturally to L&T and has been instrumental in raising the excellence bar across business domains. We have stoked the same competitive spirit between businesses, departments and individuals with reference to conservation. Encouraging results are already visible in areas of energy, water, raw material and waste disposal.

**50% RISE**  
IN THE RENEWABLE  
SHARE OF ENERGY MIX

TREE PLANTATION  
**260,000+**  
DURING 2010-11

CERTIFIED GREEN BUILDINGS  
**11.4 MN SQ.FT.**  
CONSTRUCTED

WATER FOOTPRINT MAPPING | TOWARDS ZERO WASTEWATER DISCHARGE



The environment is everybody's responsibility - as much industry's as that of the somewhat more vocal environmentalists or activists. The 'go green' proposition has shifted from a 'none of my business' to 'one of my business' strategy. At L&T too, the environment is an all-pervasive concern across every product, every process and every decision.

In keeping with the reasoning of 'what gets measured gets improved', we track our progress in our five core environment management priorities.

### Optimising Energy Consumption

Enhanced the share of renewable energy to 12% in our total energy mix



### Following Lean Manufacturing Practices

Completed 111 projects on Value Stream Mapping (VSM), 169 lean projects, 232 Six Sigma projects



### Minimising Waste through High-impact Design

Commissioned food waste processing plants at 5 L&T campuses (total capacity of 3.3 tons/day) - a step towards responsible canteen waste management



### Conserving Water Resources

Initialisation of water footprint mapping to further reduce water consumption. Construction of check dam to recharge ground water table and provide support to the community



### Propagating Green Buildings

Developed over 10.2 million sq.ft. of certified green building space for clients and over 1.2 million sq.ft. of certified green area within L&T premises



## Energy

India is entering the most energy-intensive phase of its growth - ironically at a time of heightened consciousness of depleting energy reserves. We believe the solution to keeping the wheels of growth moving is to 'think out-of-the-barrel'.

Our strategic investments, over the years, in cleaner power sources and energy-efficient engineering interventions have started yielding results. Over the years, our specific energy consumption per employee has witnessed a dip of 28.2%.



L&T Energy Meters

## Energy Consumption

Due to the ever increasing scope of the report, the diverse nature of our businesses and the significant growth in output, we currently use the parameter of energy consumption per employee to monitor our energy trends.

### Direct Energy

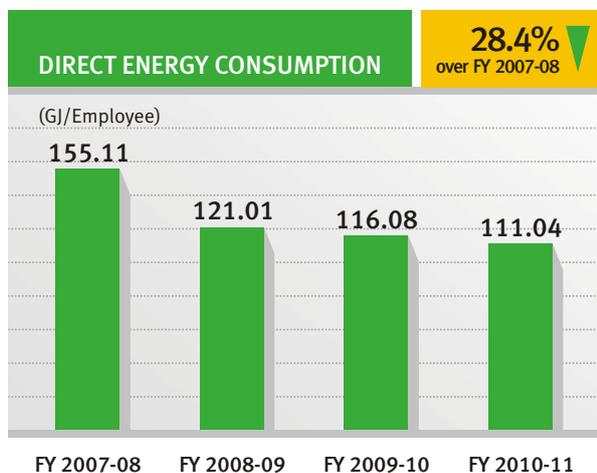
Absolute direct energy consumption increased from 3,603,369 GJ in 2009-10 to 4,892,362 GJ in 2010-11 due to the inclusion of Hydrocarbon pipe line project business and additional project sites from construction business.

The specific direct energy consumption per employee continued to decline and showed a reduction of 4.3% this year as compared to the previous year.

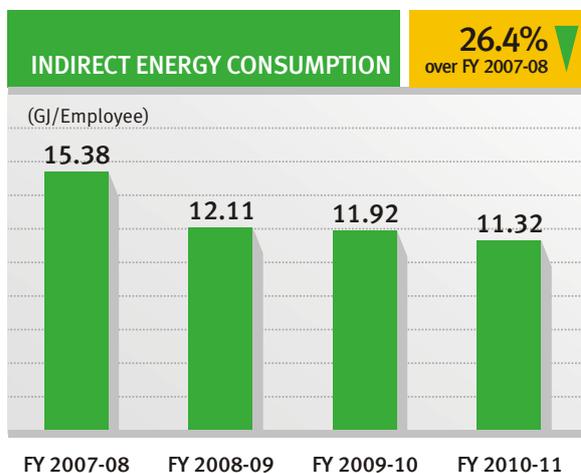
### Indirect Energy

The share of renewable energy in our mix of indirect energy consumption comprised 114,389 GJ.

The specific indirect energy consumption per employee decreased by 5% as compared to the previous year.



Due to the increased scope this year, the above trend has been derived as per the scope FY 2007-08



Due to the increased scope this year, the above trend has been derived as per the scope FY 2007-08. % change with respect to FY 2007-08

**Total Direct Energy Consumption  
as per current scope 4,892,362 GJ**

**Total Indirect Energy Consumption  
as per current scope 944,585 GJ**

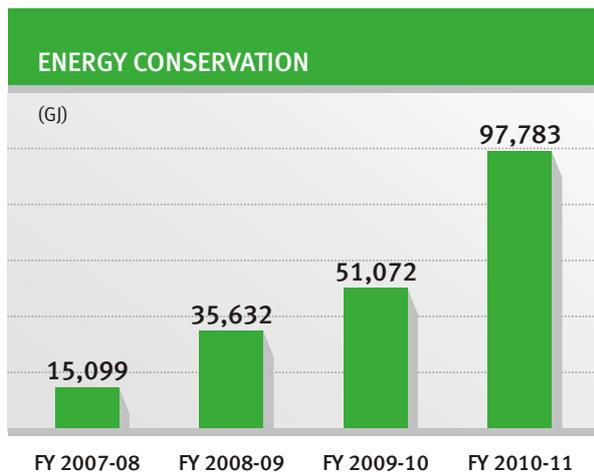
## Renewable Energy

Reconciling the imperatives of growth with looming uncertainties regarding energy is a dilemma that we need to address. We believe that renewable energy represents a part of the solution. We are therefore, strategically enhancing the share of renewable sources in our energy mix. This year the share of renewable energy grew to 12% in our energy mix, a 50% increase from the 8% share last year.



## Energy Conservation

We are implementing a series of energy-conserving practices across L&T. These include re-engineering our processes, adopting alternative technologies, enhancing awareness about energy conservation among employees and monitoring our energy spends. To ensure that each one at L&T stays true to this spirit, an energy policy is in place. We have formed energy conservation cells at various manufacturing locations to identify energy conservation processes.



Cumulative energy conserved (calculated)

Total energy conserved over last four years ► 97,783GJ

## ENERGY CONSERVATION INITIATIVES

| Initiatives/Interventions                              | Total Energy Conserved during FY 2010-11 (GJ) |
|--|---|
| Process redesign                                       | 11,222  |
| Optimisation/operational control & efficiency          | 2,456.8                                       |
| Conversion and retrofitting of equipment               | 25,108.75                                     |
| Change to CFL (Compact Fluorescent Lamp)               | 1,056.7                                       |
| Change in personnel behaviour                          | 1,386.92                                      |
| Switch off lights when not in use/remove excess lights | 5,479.7                                       |
| <b>Total</b>   | <b>46,711</b>                                 |

All our businesses are alert to energy conservation opportunities. These initiatives are spread across the dimensions of fuel conservation, energy conservation in equipment and systems and in manufacturing processes.

## Key energy conservation initiatives undertaken by businesses

### Construction

- Replacement of outdated machines with new energy-efficient plant & machinery
- Stringent monitoring of diesel consumption of each equipment

### Hydrocarbon

- Usage of transparent roof sheets at MFF Hazira shop area resulting in a saving of approximate 2,181 kWh/day
- Promotion of video conferencing, audio conferencing and net meetings to reduce travel

### Electrical & Automation

- Energy efficient lighting, presence detectors, use of solar energy for street lighting applications and replacement of CRT monitors with TFT monitors
- Recent range of products have been designed to use less material resources and their manufacturing requires lesser energy
- The factory at Mahape Campus has been declared a 4 star energy efficient facility by the Bureau of Energy Efficiency (BEE)



## Heavy Engineering

- Introduction of timer control circuit for overhead bay lights in workshop and street lights

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- Installation of VFDs (variable-frequency drives) that controls the frequency of the electrical power and thereby save energy

---

- Provision of acrylic roofs to take advantage of natural light and reduce dependency on artificial lighting. The initiative resulted in an annual savings of INR 4,580,100

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- Rectifiers replaced with invertors accruing an energy savings of 110,000 units per year and a cost saving of INR 600,000 per year

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- Installation of 4w led lights in place of 18w cone down lighters

---

- Provision of auto on/off timer for HF generators

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- Solar PV installation on an office building which helps conserve 22,647 units a year

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- Use of MIG-welding process instead of smaw saved 64,299 units of energy

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- Formation of energy conservation cells at all manufacturing locations to identify energy conservation opportunities

Enhancing awareness on energy conservation among the employees is the key to infuse an energy-friendly work culture. Film screenings and celebration of energy conservation weeks are some of the initiatives undertaken at L&T.

## Machinery & Industrial Products

Through a plethora of strategic interventions such as process redesign, shifting to batch process, conversion and retrofitting of equipment, change to CFL lamps, changes in personnel behavior and use of energy-efficient products MIP business saved 0.43 million units of energy this year.

Efforts are focused on maximum usage of renewable energy sources and optimal usage of non-renewable natural resources like petrol, HSD etc.

## Infotech

- Installation of Big Fix Enterprise Suite with power management features with a potential saving of 68,986 kWh a week

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- Replacement of CFL fittings with T5 fittings resulting in savings of 35,000 units of electricity

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- Server consolidation through server virtualisation helped reduce energy consumption

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- Running of fresh air & AHUs at Bengaluru Software Development Block 1 & 2 resulted in an annual savings of 144,000 units of electricity

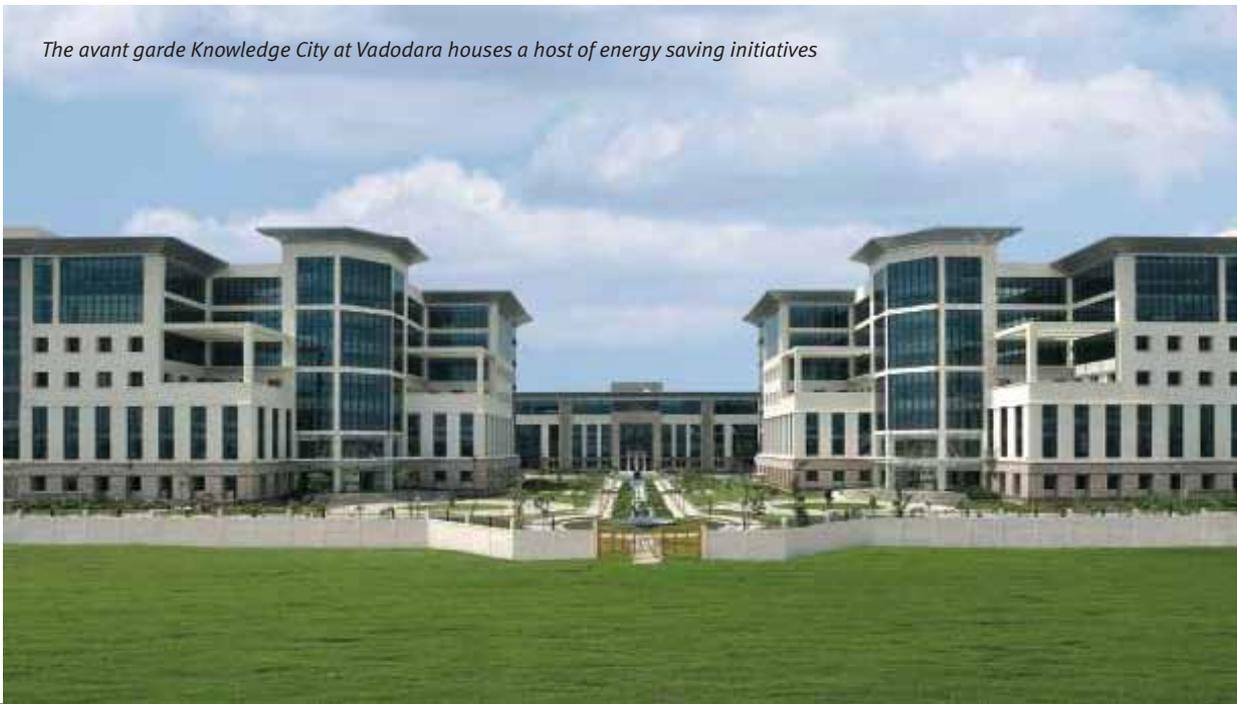
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- A separate chiller for server rooms in Powai & Chennai has manifested in a saving of 360,000 units of electricity per annum

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- Switching off office lights in areas with ample natural light resulted in savings of 5,000 units of electricity per annum

*The avant garde Knowledge City at Vadodra houses a host of energy saving initiatives*



## CASE STUDY



SUNLIGHT AFTER DUSK

Experts say 'A Watt saved is three Watts earned'. To save and earn, L&T's Construction business switched on the sun for street lighting at its HQ in Manapakkam, Chennai. 30 conventional 150 watt street lights were replaced with solar street lights.

Each street light is equipped with 32 Watt LED lamps equivalent to 150 Watt conventional bulbs. Their life span was 20 times more than that of conventional bulbs.

A 45 watt Photovoltaic panel and a battery will provide electricity to power the bulb for three days.

### Outcome

Approximately 19,710 units of electricity is saved every year and results in reduction of 15,965 kg of CO<sub>2</sub> emissions every year - equivalent to the annual carbon dioxide absorbed by 3 acres of a green forest.

## A Greener Premise

Green practices begin at home - in the green building on our campuses. We leverage our engineering expertise, construction capability and a rich experience of developing 10.2 million sq. ft of certified green buildings to create sustainable work spaces that not just utilise fewer natural resources, but also generate less waste and provide a safer and healthier environment for our employees.

'Developing sustainable ecosystems' is one of our core environment management priorities.

L&T's campus in Chennai



Till date, we have 6 certified green buildings at our premises and another three are in the process of green certification.



Some of our key green practices embedded in the design & construction of our green premises include:

Greener internal transportation

Water conservation - Reduce, Reuse, Recycle

Reuse of construction waste material

Energy-efficient equipment installations

Monitoring and measuring indoor environmental quality

96% of the waste produced during the construction of our office complex in Ahmednagar was successfully reused.

To view L&T's green building portfolio refer to the NAPCC section

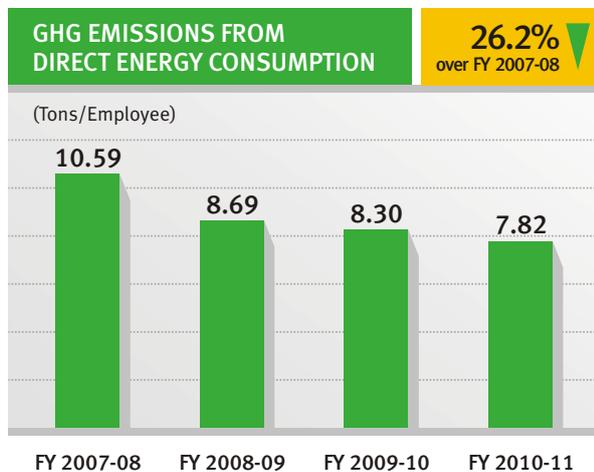
## Emissions

Environmental objectives are integrated into products at the design stage and into the way we conceive our manufacturing and maintenance process.

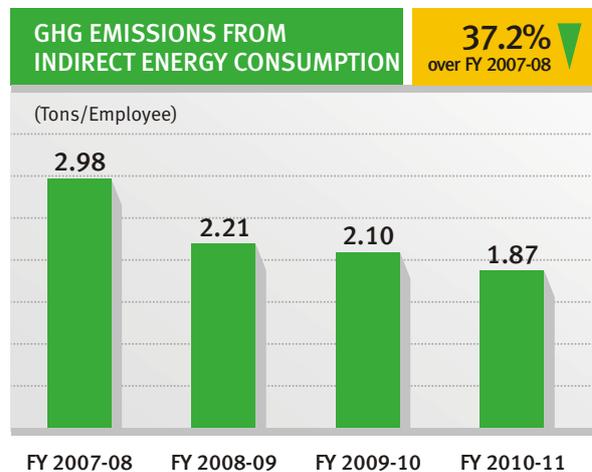
From deploying CNG vehicles for employee commute to efficient utilisation of thermal energy for heat treatment; our businesses remain alert to the opportunity to reduce emissions.

Due to substantial growth this year, the absolute count of emissions increased by an average 9.2 % with direct emissions amounting to 284,601 tons and indirect GHG emissions accounting to 67,943 tons.

The per employee emission continued its downward trend.

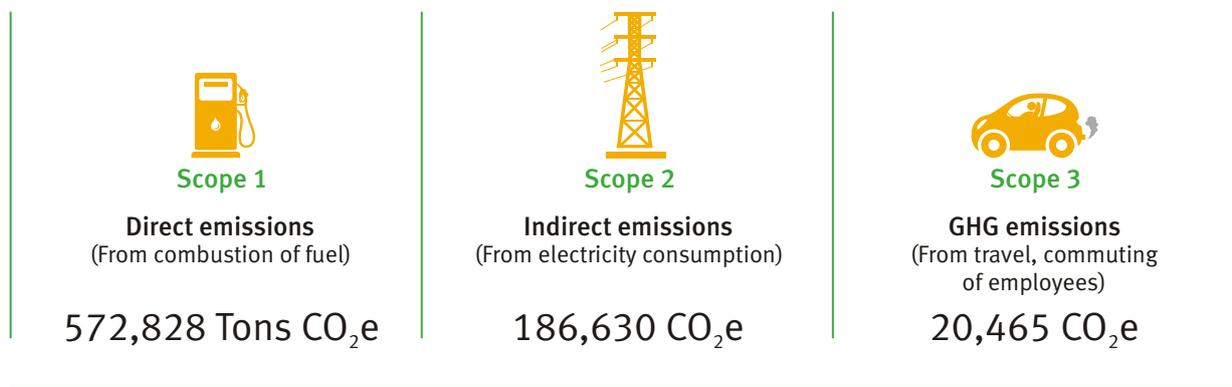


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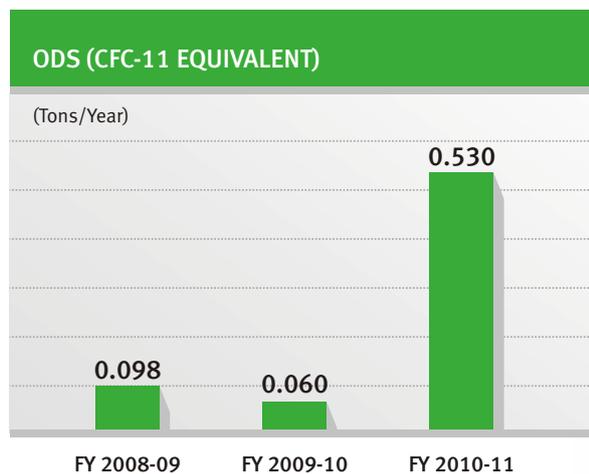
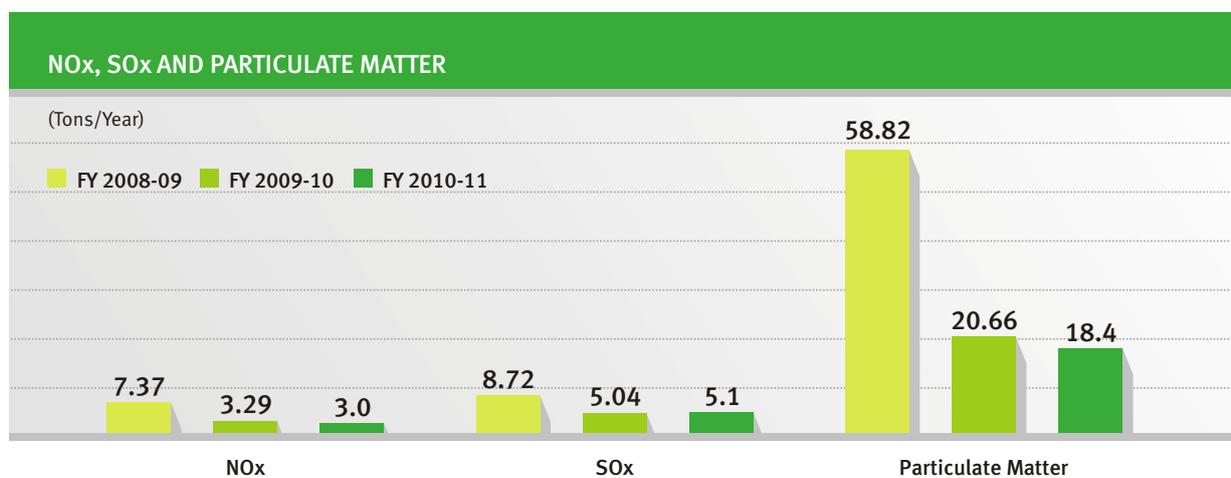
Due to the increased scope this year, the above trend has been derived as per the scope FY 2007-08. % change with respect to FY 2007-08

## GHG emissions as per current scope



## Ozone Depleting Substances (ODS) and NOx, SOx emissions

We continually monitor and manage the ODS and NOx, SOx emissions at our sites. This year, the use of Ozone Depleting Substances increased as a result of maintenance activities that occur once in three/four years. The emission of NOx, SOx and particulate matter witnessed a reduction to 26.5 tons from 28.99 tons in FY 2009-10.



## Water

Zero-discharge and reducing per capita water consumption by 10% by 2012 form part of our corporate targets. This year saw the initiation of an organisation wide water footprint exercise.

15 locations posted a zero waste water discharge and dependency on ground water was completely curbed at the Faridabad campus. Multiple technological interventions continued to be initiated, some of which include -

### Drip irrigation and rainwater harvesting at Heavy Engineering

### Design and execution of complete Brackish Water Reverse Osmosis (BWRO) facility for an in-house project

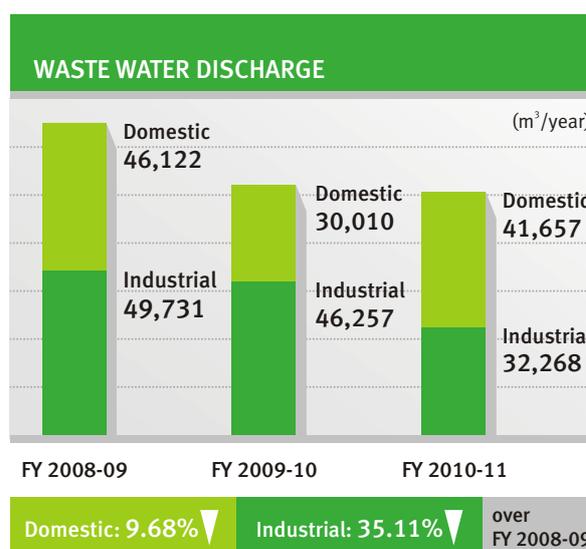
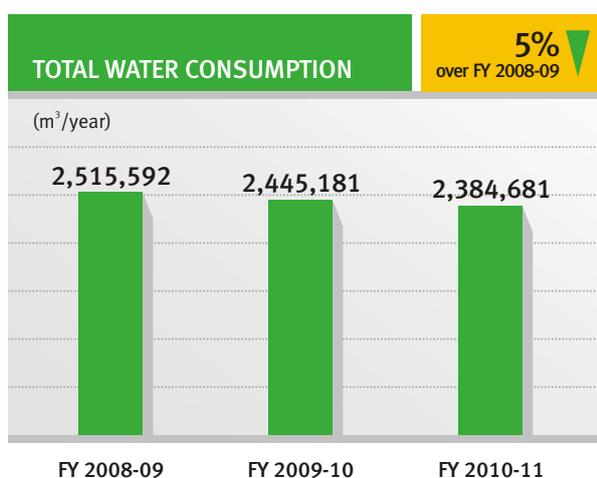
### Sludge and effluent treatment plants in Hydrocarbon & Power Projects

### Lab scale pilot plant studies for determining characteristics and treatability aspects of water & wastewater

On a comparative report scope, our water consumption declined by 2.47% and our wastewater discharge (industrial and domestic) has come down by 3.07%.

| SOURCE-WISE WATER CONSUMPTION <span style="float: right;">(m<sup>3</sup>/year)</span> |                  |                  |                  |
|---|------------------|------------------|------------------|
|   | FY 2008-09       | FY 2009-10       | FY 2010-11       |
| River / lake  | 1,846,737        | 1,791,335        | 1,656,009        |
| Ground water  | 205,075          | 198,923          | 129,561          |
| Rain water  | 1,900            | 6,900            | 6,900            |
| Municipal supply  | 433,902          | 420,885          | 542,642          |
| Other*  | 27,978           | 27,139           | 49,569           |
| <b>Total Water Consumption</b>  | <b>2,515,592</b> | <b>2,445,181</b> | <b>2,384,681</b> |

\*Other source of water: Water Supplied through tankers



Total water consumption as per current scope  
10,988,176 m<sup>3</sup>/year

Total wastewater discharge as per current scope  
219,764 m<sup>3</sup>/year

## CASE STUDY



### MORE MILEAGE FROM THE MONSOONS

Talegaon literally means 'the village of lakes'. L&T decided to take steps to ensure that this little hamlet on the hills lives up to its name. The Talegaon campus has put into place a multi-tiered water conservation system.

#### THE TWO STRATEGIC INITIATIVES ARE:



#### Rainwater harvesting

Rainwater is collected in a water filtration module and stored in a pond. The pond helps to recharge ground water, reduces temperature and creates a pleasant habitat.



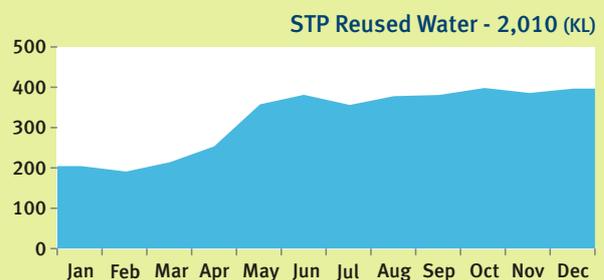
#### Use of recycled water for cooling towers

STP treated domestic wastewater is used as a substitute for potable water in the HVAC cooling towers which needs a top-up of 3,000 litres per day.

### Outcome

**Over 4,800 KL of water saved annually.**

As the year progressed, the amount of STP water reused for HVAC cooling towers and landscape irrigation at Talegaon witnessed a progressive increase.



## Material Management

Sustainable use of material and use of sustainable material both together form the foundation of L&T's sustainable material management practices. Our goal is to extend the usable life of resources through reuse, upcycle and eliminate waste.

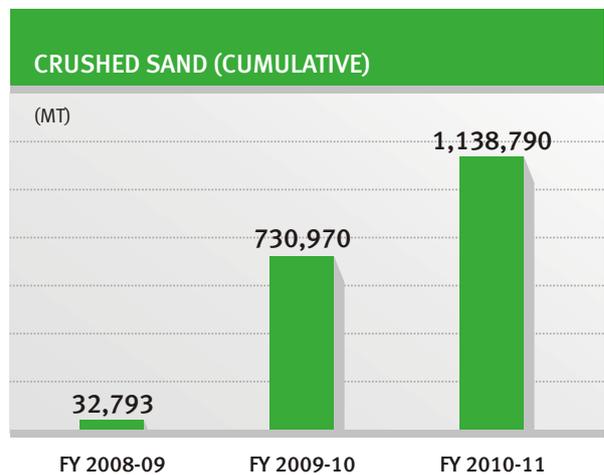
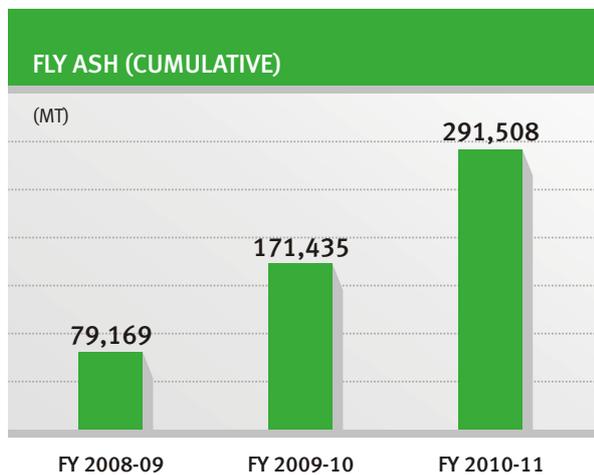


| Raw Material Consumption | (Tons/year) |
|--------------------------|-------------|
| Metals                   | 965,452     |
| Hazardous Chemicals      | 69,803      |
| Hazardous Gases          | 12,363      |
| Packaging Material       | 2,381       |
| Oil & Lubricants         | 15,479      |
| Non-Hazardous Chemicals  | 38,738      |

'Reuse, Recycle and Recover' is our core material management mantra.

## Use of Alternate Material

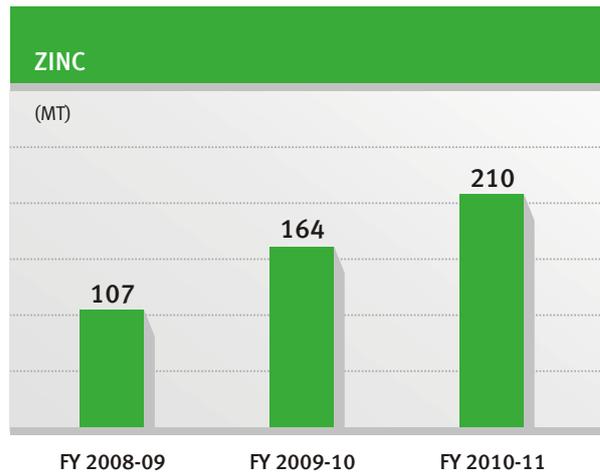
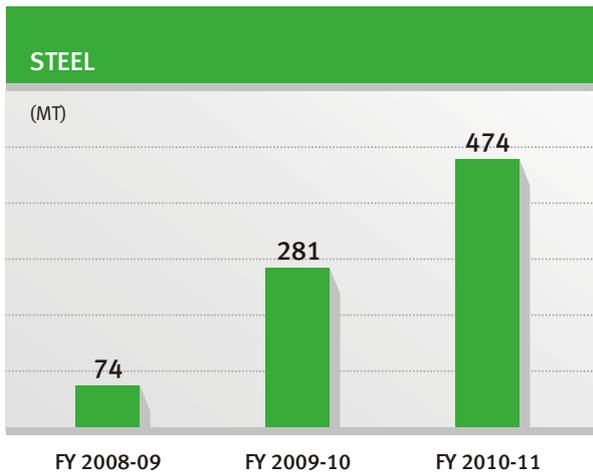
L&T's Construction business adopts the use of alternate materials like fly ash, crushed sand and Ground Granulated Blast furnace Slag (GGBS). Over the years, L&T's use of environment-friendly materials has witnessed an ascent.



Consumption of GGBS since 2008-09: 503,468 MT

## Recycling

Owing to the nature of our products, all our products are Engineered To Order (ETO) and made in line with stringent international design and manufacturing codes as per the requirements of the customer. The input materials need to meet specified conditions and are tested for physical, chemical and other properties before they are certified for use. Recycled input material is therefore difficult to use for most of our businesses. We have been recycling steel, zinc and aggregates.



## Recycling of Aggregates since 2008-09: 366,742 MT

### Waste and Spills

Industrial waste is another of those issues where industry and society appear to take up antagonistic positions. We are helping to resolve differences through efficient waste management strategies and effective spill control measures.

Our aim is to reduce waste across our premises at manufacturing facilities, project sites and office buildings.

In 2010-11, 44 projects were registered for Value Stream Mapping - a drive that has helped remove Muda (waste) in the context of movements, inventory and reduction in lead times. Additionally, a slew of initiatives were incorporated to reclaim waste -

- State-of-the-art Waste Bio-Gas Plant (KWBP) commissioned at Mysore campus
- Waste canteen food converted to vermi compost at Ahmednagar campus
- Implementation of organic waste converter at Infotech - Mahape and Bengaluru

We do not import, export, transport or treat any hazardous waste covered under the Basel Convention. Waste generated in various production processes like used oil, nonferrous metals etc. are sold to the MoEF/CPCB registered recyclers/re-refiners/re-processors only, are transported as per the statutory requirements. The scrap generated at project sites is disposed off in consultation with the client.

For responsible e-waste management, we have collaborated with certified vendors for recycling of PCs, laptops and servers. We also undertake regular checks - independent and internal, to ensure compliance with relevant pollution control regulations.

| Waste Disposed      | (Tons/year) |
|---------------------|-------------|
| Hazardous Waste*    | 5,753       |
| Non-Hazardous Waste | 94,935      |

*\*Hazardous waste includes ETP sludge, waste oil, saw dust & cotton waste mixed with oil.*

## Our Electrical & Automation facilities at Ahmednagar, Mahape, Mysore & Coimbatore are zero wastewater discharge units.

### Packaging Material

Considering the nature of our businesses, many of our products do not need extensive packaging. Yet wherever applicable, we have introduced green packaging materials e.g. E&A business has replaced wooden packing with an environment-friendly carton packing for switchboards.



## CASE STUDY



### THE 20-MINUTE WASTE CONVERTER

To mitigate the problem of waste accumulating in community bins and dumping sites, L&T Infotech installed an Organic Waste Converter (OWC) at its facility at Mahape, Navi Mumbai.

The OWC converts 60 litres of wet (degradable) waste in just 20 minutes. Cured for two weeks, the output is used as bio-manure. The OWC has the capacity to recycle 600 kg of organic waste every day.

#### Outcome

Every month, an average of 4,500kg food waste is being converted into manure at Mahape.

#### Other environment and social benefits include

- |   |   |   |   |   |   |   |   |   |                                    |
|---|---|---|---|---|---|---|---|---|------------------------------------|
| 1 | Reduced usage of plastic and garbage bags | 2 | Prevention of unhygienic dumping near human habitat | 3 | Reduction in pollution and foul emissions | 4 | Elimination of breeding grounds for disease causing germs and insects | 5 | Minimise transportation of garbage |
|---|---|---|---|---|---|---|---|---|------------------------------------|

## Biodiversity

None of our manufacturing facilities are located in areas of high biodiversity value as defined in internationally recognised listings or national legislations. Most of our infrastructure projects are executed through PPP (Public Private Partnership). In these projects we work hand-in-hand with the respective developer/authority to obtain all statutory compliances.

In FY 2010-11, our operations ensured that they do not impact the biodiversity adversely. There was no discharge to any water bodies with notified biodiversity values.



To further enhance local ecology, we planted over 260,000 tree saplings across L&T campuses, project sites and neighbouring areas. Today, around 35% of the available open land at our manufacturing locations stand lush green and over 150,000 fully grown trees are being maintained across L&T campuses.

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Going forward, we will do our bit for 'Green India Mission' which aims at adding 10 million hectares of forest cover to the existing 40 million hectares.

## Compliance

We seek all necessary approvals from relevant government authorities before we commence any project. Internally, a 'system compliance report' is reviewed periodically at regional offices, which indicates environmental compliance of the sites. During the reporting period, no incident of non-compliance was reported and no fines were imposed.



# GIVE TO RECEIVE

When good goes around, better comes back. We are acutely aware of the symbiotic relationship that we share with society and continuously invest in education, job skilling and community health. In return, we have gained the trust and respect of the community and injected pride in our employees as builders of a newer and better India - not only in terms of physical infrastructure but also social infrastructure.

**BENEFICIARIES**  
**37%**  
**INCREASE**

**FOR CSTI TRAINEES**  
**100%**  
**PLACEMENT**

**REACHED OUT**  
**5,000**  
**DIFFERENTLY ABLED PEOPLE**

**ENHANCED VOLUNTEERING ENGAGEMENTS**



Corporate Social Responsibility (CSR) is ingrained in L&T's corporate ethos. Caring for the society is a natural and intuitive response. This sense of innate responsibility stems from a compelling sense of belonging and oneness with the society.

The practice of CSR in L&T is multi-dimensional and encompasses

Conducting business in an ethical way and in the interest of the wider community.

Responding positively to emerging societal priorities and expectations.

A willingness to act ahead of regulatory compliances.

Balancing shareholder interests and the interests of the wider community.

Being a good corporate citizen of the community.

The over arching goal is to help build a robust, inclusive and prosperous society.

**Thrust Areas**

We don't just give to the community, we invest in it.

Our core focus areas continue to remain empowerment through education, increasing the income generating capabilities of individuals through skill building and community health. All three yield returns with cascading benefits that impact the lives of concentric circles of dependents and associates.

We continued to implement a wide spectrum of strategic social interventions to nurture our mutually beneficial relationship with society.

The combined efforts of committed L&T-ites manifested in a 37% increase in the total number of beneficiaries.



| Thrust Areas            | No. of Beneficiaries |
|-------------------------|----------------------|
| Education               | 88,972               |
| Mother and child health | 307,155              |
| Skill Building          | 16,728*              |
| <b>Total</b>            | <b>412,855</b>       |

**We believe progress can occur only when all our stakeholders prosper with us.**

*\*Training imparted to rural youth and school dropouts at CSTI, project sites and vocational training centres to enhance employability of the unprivileged.*

## Education

Education does more than opening doors to opportunity, it unlocks potential. Education is high on our priority list.



Presently, we have  
**Engaged with 77 schools**

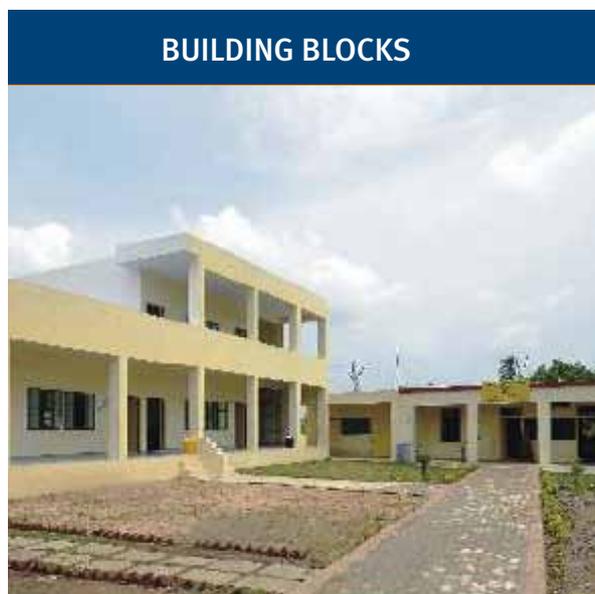
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Set up  
**54 community learning centres**

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Pioneered  
**unique learning methodologies**

Every year, we undertake a host of different initiatives in different neighbourhoods to maximise the impact of our intervention. This year, we recorded a 32% rise in the number of beneficiaries. Some of the initiatives undertaken by our various divisions in the field of education include:



- Upgrading the infrastructure of schools in villages like Mora, Junagam, Suvali, & Rajagari near Hazira, Chettipalayam near Erode, Bilaspur district and in urban areas such as Faridabad, Bangalore, Kolkata, and Chennai.
- Impacting more than 16,000 school students in the villages surrounding Hazira by developing a computer lab, a library and providing contemporary teaching aids.
- Building the school premises of Ankhol village, Vadodara and providing computers to educational institutions in Vedal village and Tambaram, Chennai.
- Setting up a well-equipped science lab and distributing learning kits at Shriram Vidyalaya, Ahmednagar.

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**We gifted computers to the toppers of classes X & XII  
in Vellore District High School, Chennai.**

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## LEARNING ASSISTANCE



- Introduced Universal Active Mathematics - an activity-based 'do and discover' method in institutions like NITIE- Paspoli, Milind Vidyalaya, Paspoli & Tirandaz Municipal Schools in Mumbai.
- Providing academic assistance to over 1,400 children from slum communities in Mumbai through 26 study centres and 28 balwadis.
- Provision of teaching material in regional languages to balwadi teachers in Vadodara.
- Facilitation of educational kits to schools in Bhopal, Vadodara, Ahmednagar and several other villages like Mora, Junagam, Suvali, Rajagari and Dariyapur.

## KNOWLEDGE WORKSHOPS

- Reaching out to over 16,000 X & XII grade students in Mumbai by conducting workshops on vocational guidance and subjects like Mathematics, Science, English and Geography.
- Career counselling for students in Hazira, Chennai and Mumbai.
- Study techniques & career guidance workshops in Mysore and Mumbai.



## BEYOND BOOKS

Conducting awareness programmes in schools of Chennai and Coimbatore on environmental issues.



### State scholarship for students: Project Ujjawal - A bright future for the children of Powai

Winning a state scholarship is an aspiration of many students. Four years ago, a group of L&Teers came together to make a difference to the lives of children from the underprivileged strata in and around Powai. These L&Teers introduced preparatory study classes for state scholarship examination in five Marathi/Hindi & Kannada schools for students of 4th and 7th grades. Two students from these classes received the state scholarship.



## Skill Building

The progress and development of a nation depends upon the skills of its citizens. L&T concentrates on developing vocational and life skills that enable individuals to earn a living and become self-reliant. This year's initiatives benefitted urban & rural youth along with specific programmes for women belonging to the lower social stratum.

### Constructions Skills Training Institute (CSTI)

CSTI is an innovative model that synergizes business requirements with social needs at a local level. The aim is to increase employability and enhance human resource capital for the construction industry. This year, CSTI trained over 10,700 individuals empowering them with livelihood opportunities.



*Enhancing skills of the urban and rural youth at CSTI Chennai*

### Vocational Training for Women

Empowered women are the nucleus of an empowered society. In order to promote self-reliance, L&T's project, Aadhaar offers employment skills training and start-up kits to socially disadvantaged women. These courses are being conducted in Junagam village, Hazira and Ekta Nagar Slum, Vadodara.



### Other Initiatives

- Multi skill training for over 90 ITI candidates from rural areas of southern Orissa & suburbs of Vishakhapatnam.
- Entrepreneur Awareness Programme for the unemployed youth of Basthipura village in association with Rudset Institute, Mysore.
- Apprenticeship & advanced training for locals and tribal youth of Kansbahal.



## Vocational Training - A Powerful Change Agent

Vocational training is a potent instrument of social change. It bridges knowledge and employability and keeps the wheels of the economy moving. L&T's Public Charitable Trust (LTPCT) collaborates with various organisations that work among underprivileged communities to enrich India's human capital through vocational training.

Three such collaboration partners are:

### Community Aid & Sponsorship Programme (CASP)

To initiate vocational training for the women and youth residing in the community of Marol Pipeline, Andheri, financial support was provided to CASP - an NGO with a nationwide footprint. CASP offers vocational training in three sought-after vocational trades - beautician, fashion designing and computer operations.

The training is multi-faceted and focuses on holistic development of the trainees by incorporating sessions on personality development, women & child rights, HIV/AIDS awareness and healthcare, apart from the curriculum.

#### Outcome

In 2010-11, close to **200 women and youth** were provided vocational training under the programmes conducted by CASP.

### KEM Hospital Research Center (KEM HRC)

LTPCT has also joined hands with KEM HRC, a modern tertiary care multi-specialty teaching hospital in Pune. It provides vocational training in bedside assistance (home nursing), food processing and tailoring.

While the bedside assistance course is conducted in the hospital premises at Pabal and Vadu, food processing and tailoring training are offered in various remote villages.

#### Outcome

Close to **400 women** residing in the rural hinterland availed of such income generation programmes.

### Vidya at Sri Sri University

Vidya Construction Skill Training Centre (CSTC) is a joint initiative of L&T Public Charitable Trust (LTPCT) and Sri Sri University at Sri Sri Campus in Orissa.

It trains marginalised youth and school dropouts in the age group of 18-35 years, from tribal and rural areas through a 3-month skill development module in construction trades such as masonry and bar bending. This residential training programme is supported by L&T - Construction Skills Training Institute (CSTI) as a knowledge partner and is funded by LTPCT.



#### Outcome

At Vidya CSTC, within a short span since commencement, **70 youth** have completed their training in construction trade and got employment opportunities at L&T project sites in Bhubaneswar, Chandigarh and Chennai.

## Spreading Knowledge. Spreading Smiles

L&T employees offer their time and expertise to multiple local initiatives that work for the benefit of children. Volunteering initiatives undertaken by employees of L&T Powai include:

### LAYING THE FOUNDATION



L&Tees are channelising their talent to spread knowledge in the society through innovative ways:

- Teaching students of Paspoli School in Marathi, Hindi, Kannada and Urdu mediums.
- Making notebooks for students by recycling one side printouts.
- Organising quiz contests and energy experiments at Milind Vidyalaya, Paspoli and Municipal Schools located at Tirandaz at Vikhroli West Maharashtra. Screening movies on the use of non-conventional energy sources.

### LESSONS BEYOND BOOKS

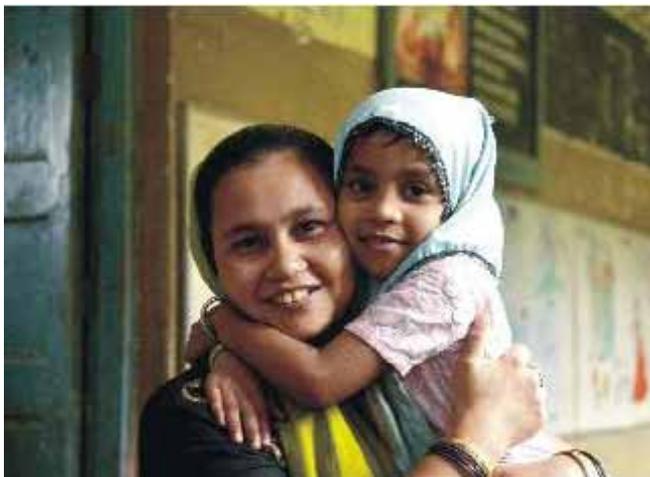


L&T's Jeevan Vidya Project promotes quality school education and all-round development of students. It covers a wide spectrum of activities ranging from health check-ups to aptitude tests, yoga to creative activities like drawing, writing and elocution.

Currently, the programme benefits students of 56 schools from the tribal belt of Talasari block of Thane district and Navasari block of Gujarat.

## Mother and Child Health

Our aim is to ensure that every mother and child in the communities we operate has access to effective medical treatment. Towards this we are building and maintaining affordable, integrated and quality healthcare facilities.



### Continual support to Hazira's Public Health Centre

Andheri & Thane Health Centres  
treated over  
**185,000 patients**

## Health Camps

- Around L&T campuses in India, health and eye camps were held for children to monitor health status and promote early detection of vision related problems which hamper academic performance.
- Over 6,000 women and children in Kansbahal benefited from our free OPD services, immunisation & pulse polio camps, eye check up and medical camps.
- A special camp focused on the gynaecological, dental and eye issues was held in Dyavarhalli village, Bangalore and treated over 400 women and children.
- Over 19,300 mothers and children benefited through our initiatives like immunisation, pulse polio drive and awareness rally in health centres of Ahmednagar.
- Mother & child immunisation camps were held in five villages near Mysore in association with Family Planning Association of India which focuses on health issues of communities.



## L&T Health Centres in Mumbai

Andheri Health Centre (AHC) and Thane Health Centre (THC) set up by L&T serves not only our employees and their families but also members of the community. In fact, over 66% of patients who benefited from these centres belong to community.

These centres offer medical treatment at highly subsidised rates. Some services like family planning procedures and super specialty consultation are offered free of cost. Dialysis Centre at THC also provides treatment at much lower rates.



Patient undergoing dialysis at THC

## HIV/AIDS Programmes

- Awareness drives were held across all L&T locations on the 1st of December, 2010 to commemorate World AIDS Day.
- Pioneered an education programme on HIV/AIDS in Hazira to spread awareness among the local and migrant communities.
- HIV/AIDS (VCTC) awareness programmes were conducted in Surat, Mora village, Construction business, Mathura campus, Kattupalli and nearby villages.
- Voluntary Counselling & Testing Centre (VCTC) has been set up in Mumbai and Hazira to increase awareness and offer free testing.
- L&T Ladies Club, Hazira continues to engage in project 'SWAYAM' - an innovative income generation programme for HIV+ women.
- We actively support Positive People Network [PPN+] in Gujarat formed by and for men & women living with HIV+.



### Summary of health initiatives undertaken in FY 2010-11.

| Treatment                                      | No. of beneficiaries |
|--|----------------------|
| Dialysis in THC                                | 1,852                |
| Consultations in THC                           | 2,929                |
| Consultations in AHC                           | 55,044               |
| Family planning operations & procedures in AHC | 1,728                |
| Diagnostic investigations in AHC               | 9,683                |
| Outreach programmes (Health camps)             | 45,859               |
| Pathology lab services in AHC                  | 22,118               |
| Koldongri T.B. Clinic                          | 30,419               |
| L&T ART (Antiretroviral Therapy) Centre        | 15,840               |
| <b>Total</b>                                   | <b>185,472</b>       |

## Spreading the Family Welfare Message in Rural Gujarat

Villages like Ahwa, Zankhvav, Songadh and Nizar are not places you will easily find on the map. These and a score of similar remote hamlets are where welfare teams from L&T Hazira campus are making a mark.

Their goal is family welfare - the most dependable way to ensure the reproductive health of current and future generations. L&T in association with local district health set up has focused its efforts in organizing family planning camps where services such as vasectomy, laparoscopy, and tubectomy are provided. Over the years, 10,500 people in and around Surat district have availed family welfare measures.

### Healthcare in Rural Schools

'A Healthy Mind in a Healthy Body' is a line that students in village schools around Coimbatore may well be learning by rote. Poverty and all its debilitating consequences have led to Anaemia and intestinal disorders. In collaboration with K.G Hospital, Coimbatore L&T conducts periodic health camps to monitor the health status of close to 500 students of two local schools. The goal is to reduce the prevalence of Anaemia. Students are given Albendazole syrup, which helps in controlling hook worm infestation and increases vitamin A levels.

A personalised and target-oriented approach has helped achieve significant results with major reduction in cases of severe Anaemia and a marked overall improvement in health.



| Health issue         | Resultant decrease |
|----------------------|--------------------|
| Anaemia prevalence   | From 90% to 52%    |
| Grade 3 malnutrition | From 22% to 7%     |
| Grade 2 malnutrition | From 43% to 36%    |

### Collaborative Effort to Combat AIDS | Anti Retroviral Therapy (ART) Centre

To combat the consequences of HIV+/AIDS, L&T instituted a state-of-the-art ART (Anti Retroviral Therapy) centre at its Andheri Health Centre in September 2009. The objective was to aid HIV/AIDS patients by providing them primary diagnostic services like pathological investigations, CD4 count tests and X rays free of cost, and complex services like Abdominal Ultrasonography at highly subsidised rates.

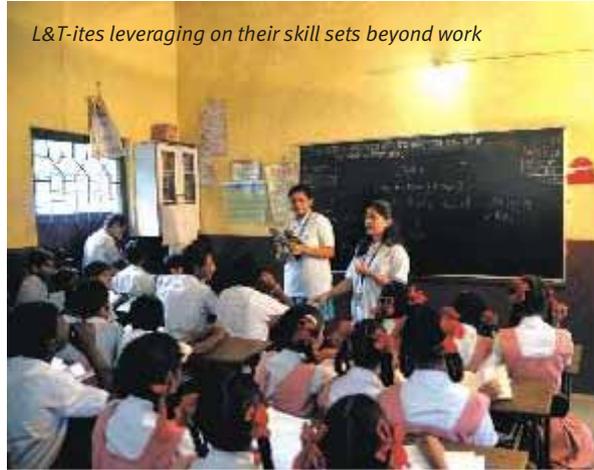
The project is being implemented through a public private partnership with Confederation of Indian Industries (CII), National AIDS Control Society (NACO) and Mumbai District AIDS Control Society (MDACS) to help the Government strengthen the access to the HIV/AIDS treatment.

**Over 1,200 patients having registered till date, out of which 850 are receiving Anti Retroviral Therapy as per their health status. Encouraged by this overwhelming response, L&T is developing a bigger ART centre at Koldongri in Andheri.**



## L&Teering

L&Teering is where the compassion and commitment of L&T-ites converges to give back to society the benefits of their time and expertise. In FY 2010-11, L&T saw a surge in the number of volunteering engagements.



Initiatives where L&Teers offered assistance include:

- Workshops for students on negotiation skills, personality development and scholarship exams.
- 'Mathematics with Smile' Programme, English and Mathematics classes at Hinkal High School, Mysore and Mathematics, Science and English classes at Visakha Seva Sadhan, Vizag.
- 200 L&Teers ran for a social cause in the Mumbai Marathon.
- 1,100 L&Teers participated in the Vadodara Marathon to spread traffic awareness.
- A water tank was developed in Thandalam village, near Chennai.
- Eye & health camps at Harkesh Nagar and Santosh Nagar in Faridabad benefitted over 1,100 women and children.

## Implementation Structure

Our CSI implementation system represents the fusion of three key social arms.



### Corporate Social Initiative (CSI)

CSI provides strategic social interventions by working hand-in-hand with local NGOs, communities and government agencies. It leverages L&T's management experience and expertise to harness the most effective levers and enable long term solutions to the identified needs. It propagates community initiatives across various locations. Initiatives are implemented by the project team of the respective locations.



### Ladies Clubs

Across locations, various ladies clubs have been formed by the spouses of our employees. These clubs undertake various programmes in nearby communities to bridge fundamental gaps. They are one of our three key pillars of CSI implementation and play a vital role in fostering employee bonding by organising various programmes and events at regular intervals.



### Larsen & Toubro Public Charitable Trust

The Trust is committed towards the inclusive growth of the society through well-thought interventions in education, vocational training, healthcare and water management.

At many locations the projects are executed in collaboration with reputed NGOs.



## In Step with MDGs



Our actions in the social sphere are in synergy with the eight Millennium Development Goals (MDGs) - a 360° growth blueprint agreed to by the global community to bring about a global transformation.

| Millennium Development Goals   | L&T Interventions   | Millennium Development Goals   | L&T Interventions   |
|--|---|--|---|
|  <p>ERADICATE EXTREME POVERTY AND HUNGER</p>        | Vocational and life skills training.  |  <p>IMPROVE MATERNAL HEALTH</p>                       | Gynaecological and laboratory facilities, workshops on pre & postnatal care.  |
|  <p>ACHIEVE UNIVERSAL PRIMARY EDUCATION</p>         | School infrastructure development & learning aids, enhancing curriculum and impacting classroom learning. |  <p>COMBAT HIV / AIDS, MALARIA AND OTHER DISEASES</p> | Awareness drives, testing services, income generation programmes.   |
|  <p>PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</p> | Livelihood opportunities for women.   |  <p>ENSURE ENVIRONMENTAL SUSTAINABILITY</p>         | Developing and enlarging L&T's Green Product Portfolio, tree plantation drives, water conservation, energy efficiency and renewable energy usage. |
|  <p>REDUCE CHILD MORTALITY</p>                    | Immunisation, pulse-polio, eye checkup and medical camps.   |  <p>GLOBAL PARTNERSHIP FOR DEVELOPMENT</p>          | Skill building programmes in Heavy Engineering and modular fabrication programmes in the Middle East.   |

## Keeping a Check on Water Wastage

Check dams are an effective mechanism to retain excess water flows during monsoon which in turn provides access to water for farming. At Talasari & Dahanu Blocks of Thane District, we constructed 10 check dams in partnership with Rotary Club. Collectively, these check dams have the capacity to collect approximately 20-30 million litres of water with a potential to cultivate 250 acres of land benefiting around 6,000 families.



## CASE STUDY



### ENRICHING THE LIVES OF THE SPECIALLY ABLED

Gandhiji said that the true measure of a society is the way it treats its most vulnerable. Project Neev launched on the 13th of October, 2010, seeks to provide opportunities to the specially-abled. It marks the coming together of three key agents of social change - L&T-ites, NGOs and the specially-abled themselves.

As part of this initiative of Neev, L&T units across India organised NGO expositions and provided platform for the specially-abled to showcase their unique talents. Going forward, livelihood opportunities through special vocational training programmes are being pursued to foster inclusion.



#### Outcome



Over 5,000 differently abled have benefited.

The impact was three-pronged

#### NGO expositions

The project brought together NGOs working in this sphere, through expositions at L&T establishments: Mumbai, Vadodara, Bhopal, Ahmednagar, Faridabad, Kolkata, and Coimbatore. Such displays promoted articles made by the specially-abled.

#### Infrastructure support

L&T's campuses at Hazira, Coimbatore, Chennai, Chandigarh and Hyderabad donated funds for providing mobility aids like crutches, calipers, artificial limbs, wheelchairs and tricycles.

#### Creating livelihood opportunities

Ahmednagar campus enhanced engagement with a self help group comprising 53 leprosy cured individuals as our sub-supplier for switchgear assemblies.

Hazira Campus provided STD phone/photocopy booths to the physically challenged. At L&T Komatsu, Bangalore, the Ladies Club Surabhi employed a specially-abled computer trainer for providing vocational training to community youth.



*Unlocking the special potential of the specially-abled children at NASEOH, Mumbai*



# GO BACK TO GET AHEAD

To create a paradigm shift from conventional engineering to game changing 'imagineering' one needs to go back to the drawing boards. We constantly challenge legacy, relook existing methodologies and revisit current approaches. Innovative thinking is the chisel we use to carve out opportunities from environment challenges and surge ahead.

REGISTERED  
**151**  
PATENTS

GREEN PRODUCT PORTFOLIO  
**₹ 42.65 BN**  
REVENUES

SAILED OUT  
**2000 TONNE**  
WELLHEAD OFFSHORE PLATFORM

ENERGY AUDIT SERVICES BY ELECTRICAL & AUTOMATION



The 'positive performance of our products across their lifetime' is a significant contributor to our brand equity and thereby to the sustainability of our organisation.

We infuse quality, safety and durability, in our products/services at every stage, right from concept to commission. Quality, at L&T, is multi-dimensional and extends beyond product specifications to encompass life cycle impacts, statutory & regulatory norms and EHS.

At L&T, we believe that environmental challenges that the business world is facing today represent substantial business opportunities. Our efforts therefore are directed at greening our existing portfolio while simultaneously working towards developing and introducing new products and services that would help our customers achieve their environmental objectives in a financially viable manner.

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**Our green portfolio is growing at a remarkable pace and contributed 9.72% of our total revenues this year.**

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*To read more about our green portfolio, refer to our economic performance.*

## New Product Development and Innovation

As a technology-driven company, the spirit of innovation is reflected in our corporate brand statement - It's all about Imagineering.

We foster a culture of innovation through collaboration and creative thinking. Currently, along with engineering we are also devoting attention to re-engineering; to make our existing products more profitable and future-friendly.

Innovations that optimise resources, increase productivity, reduce costs and provide customers more value at a lesser environmental impact, continued to emerge from all our businesses.

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**A systematic new product development flowchart motivates and guides our employees to innovate, design and manufacture sustainable products.**

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### Construction

- Designed a High Voltage Distribution System that reduces transmission & distribution losses by 50%
- Continued development of green building
- Undertook In-house design & project planning for high rise buildings
- Supplied blast furnace to TATA Steel with a high percentage of indigenisation

### Machinery & Industrial Products

Became the first Indian valve manufacturer to get the coveted 'N' and 'NPT' stamp from ASME for supplying products to the global nuclear industry

### Hydrocarbon business

- Noise assessment and control in offshore installations using acoustic mapping technique
- Design consideration for performance enhancement of Claus Sulphur recovery unit

### Heavy Engineering

- Implemented "Theory of Constraints" (TOC) for optimal resource management and maximising the throughput
- Development of Square Butt SAW resulted in total savings of INR 3.6 million, reduction in cycle time by 94% and total saving of 606 man-hours

### Electrical & Automation

- Introduced energy audit services to measure, monitor and reduce energy consumption through 169 lean projects completed during the year
- Launched a new range of contactors and circuit breakers that have a smaller carbon footprint
- Supplied meters for the Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) and the Restructured Accelerated Power Development and Reform Programme (R-APDRP) of the Government of India
- Set up a new manufacturing facility at Ahmednagar with best-in-breed production facilities

### L&T Infotech

- Launched Unitrax®, a SaaS-based transfer agency record keeping platform, which enables fund and insurance manufacturers to manage the administration of their wealth management products including mutual funds, fixed income, structured notes, annuities, and insurance investment products
- With a consistent high client satisfaction measure, Unitrax® provides a complex inventory of business features; lowers operational costs; improves efficiencies through streamlined and automated client processing, while ensuring a high level of compliance with regulatory requirements and industry standards
- Successful completion of ISO 14001 re-certification across all centres

## Intellectual Property Rights

Intellectual Property Rights (IPR) can contribute significantly to competitive advantage. We secure our IPR to create more value for our organisation and our stakeholders.

Intellectual property protection is largely effected through patents, trademarks and copyrights.

| Nature | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Since 2004, L&T has filed a total of 688 patent applications. |
|--------|------------|------------|------------|------------|---|
| Patent | 101        | 108        | 128        | 151        |   |

## Customer Delight

Strong customer orientation is characteristic of L&T. In addition to our quality products, we lay equal emphasis on quality processes. Ongoing operational excellence initiatives ensure that deliveries are made as per customer specifications. Quality assurance and inspection ensure that products delivered meet requisite standards and stringent specifications. Detailed training and structured handovers enhance the product experience.

To measure our success rate, marketing personnel regularly interact with customers through structured feedback mechanisms which are in line with Departmental Activity Control Procedures (DACPs) and Standard Operating Procedures (SOPs). These mechanisms include one-to-one meetings, customer meets and customer satisfaction surveys. Any complaint/feedback is swiftly analysed for continual improvement and inculcated into our production processes.

The quantum of repeat orders that we receive is the true real world representation of the satisfaction we deliver to our customers.

## Customer Health and Safety

Customer safety is the focal point at L&T. Through the feedback received from our customers and our on-going R&D, we constantly mitigate health and safety hazards in our products. The following steps help enhance the customer safety quotient of our projects and products.

- Integrating safety at the design stage
- Benchmarking products against Indian and International Standards like IS, IEC and BIS among others
- Employing manufacturing best practices to prevent adverse health and safety impacts throughout the project life cycle
- Constantly review health and safety impacts of products, projects and services for improvement during the project life cycle
- Displaying cautionary signboards at all our completed project sites and products
- Providing Operation & Maintenance manuals along with necessary training to the customers' personnel

There was no incident of non-compliance as regards to regulatory and voluntary codes concerning health and safety aspects pertaining to any of our products during the reporting period.

## Product and Service Labeling

The labeling process is implemented in line with the relevant codes & specifications. At MIP business, the machines and electrical products sport BIS marking and additionally around 50% of LTM BU products come with CE mark. At Heavy Engineering, the documentation relating to the product is sent to the customer on dispatch of the equipment.

In the reporting year, there were no incidences of non-compliance with regulations on product information and labeling.

## Marketing Communications

We believe that integrity of an organisation is reflected in the clarity of its communications. We adhere to all norms, standards and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. No false claims and/or unfair means are used while promoting a product or a service.

During the reporting period, there were no complaints received from outside parties on the subject of incorrect or misleading marketing communications. We did not sell any product which raised stakeholder questions or public debate.



## Compliance

At L&T, due care is taken to ensure that the organisation adheres to all statutory as well as voluntary codes pertaining to products and services. A structured system is implemented throughout our units that detects, investigates and improves in case of any non-compliance. During the reporting period, there were no incidents of non-compliance and no monetary fines were imposed.

## CASE STUDY



### AUTOMATION PROVES ITS METTLE

When the Steel Authority of India Ltd. (SAIL) entrusted our Control & Automation (C&A) Business Unit with the project of automating the blast furnace at SAIL's Bokaro Steel Plant, it demonstrated L&T's growing recognition as focused automation solution provider for the metal industry.

#### The project involved

- Critical automation and instrumentation packages to consolidated furnace parameters like temperature, pressure, water, and nitrogen flow along with historical trends and alarms
- Comprehensive automation systems that included fibre optic connectivity between control rooms and interface with third party PLCs, firewall for network security and complete networking accessories including network racks
- State-of-the-art and ergonomically designed control rooms for blast furnace operation
- Engineering stations for logic programming at each PLC system
- Provision of large sized plasma display screens for overall furnace monitoring

#### Outcome

The upgraded blast furnace is the first of its kind in SAIL

Productivity has been enhanced with increase of useful volume from 2,000m<sup>3</sup> to 2,500m<sup>3</sup>

working volume from 1,750m<sup>3</sup> to 2,250m<sup>3</sup>

hot metal production from 0.75 MTPA to 1.5 MTPA



## THE HIGH ROAD TO ENERGY MANAGEMENT

L&T Control & Automation (C&A) Business Unit launched two indigenous products that address two critical challenges - highway traffic management and acute power deficit.

### **iVision<sub>max</sub> - TraffiX™** **Highway Traffic Management System (HTMS)**

iVisionmax - TraffiX™ is designed to provide a comprehensive and user friendly solution to ensure safe travel on state and national highways.

It is based on a robust and industrial grade SCADA software platform and facilitates centralised traffic control of systems like Automatic Traffic Counter-cum-Classifer (ATCC), Closed Circuit Television (CCTV), Emergency Communication System (ECS), Meteorological Stations (METs), Network Management System (NMS) and Variable Message Signs (VMS).

#### **Outcome**

Better traffic management on highways

Real-time management of traffic even in the absence of an operator

Data repository that enables trend analysis and insights for better planning

### **iVision<sub>max</sub> - PMS™** **Industrial Power Management System**

A dynamic Power Management System (PMS), on iVisionmax platform is essential for cost effective plant operation, especially in large plants where annual energy bills run into millions.

PMS helps users make an efficient choice between various available power sources while keeping energy cost at a minimum. It continuously monitors and calculates the available and required power ratio. Further, it triggers load shedding in case of power deficit without affecting critical operations.

iVisionmax - PMS™ also has seamless connectors for solar based power system.

#### **Outcome**

Cost reduction and enhanced operating efficiency of the plant

Informed choice of cost optimal power source

Reduction in green house gas emissions

## CASE STUDY



*The Modular Fabrication Facility is part of L&T's large, emerging complex at Kattupalli on India's east coast.*

### MILESTONE IN MODULAR FABRICATION

The Kattupalli Modular Fabrication unit of Hydrocarbon business is a part of facility spread over 600 acres of land in Tamil Nadu along with L&T's Shipbuilding, Port and Heavy Engineering.

It crossed the first milestone by sailing out 2000 Tonne, 6-legged, wellhead offshore platform for Gujarat State Petroleum Corporation within a year of commencing operations. Upon final commissioning, the facilities will add about 6 million standard cubic metres of hydrocarbon gas per day to India's energy production. This has set a new benchmark and has placed L&T's Kattupalli facility on global map of energy and oil exploration.

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L&T's Modular Fabrication Facility at Kattupalli on the east coast of India had a dream debut within a year of commencing operations - the sail-out of a 2000 tonne, 6-legged offshore platform.

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## Awards & Recognition

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### 'Company with the best CSR and Sustainability Practices' Award 2011

The Asian Centre for Corporate Governance and Sustainability honoured L&T as a Company with the best CSR and Sustainability Practices' Award for its CSR initiatives.

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### L&T's CSR Honoured with Golden Peacock Award 2011

L&T's Corporate Social initiatives (CSI) were yet again acknowledged and applauded with the prestigious 'Golden Peacock Global CSR Award 2011'. L&T was selected as 'Top Performer' for its accomplishment in the large enterprise segment.

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### Social Development Award 2009 -10

Bombay Chamber of Commerce and Industry (BCCI) honoured the Social Initiatives of L&T with one of its most prestigious annual Civic Awards at the 174th Annual General Meeting of the BCCI.

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### Good Corporate Citizen Award 2010

The Bombay Chamber of Commerce and Industry (BCCI) awarded the Good Corporate Citizen Award to L&T for its social track of business and high standards of corporate governance and ethics.

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### L&T bags 'India Shining Star Award' for Outstanding CSR 2010

L&T has won the 'India Shining Star CSR Award', instituted by the Wockhardt Foundation, for Outstanding CSR in the sector for companies engaged in heavy engineering.

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### L&T ranks among the Top 10 in Carbon Disclosure

UK based Carbon Disclosure Project, an independent international organisation with largest database of corporate climate change information ranked L&T among the top 10 companies in India in their 2010 CDP Leadership Index. The organisation surveyed 200 market capitalisation companies and L&T was the only Company in the engineering and construction segment to make it to the top 10.

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### L&T - Asia's only company to win global distinction for Sustainability Report

L&T's Corporate Sustainability Report - 2009 has secured the runners-up position in awards announced by Global Reporting Initiative (GRI) - the world's premier body in the sustainability domain. The L&T Report was declared runner-up in two categories of the Readers Choice competition - the Engage Award and the Value Chain Award.

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### Top Honours in Businessworld's 'Most Respected Company - 2011' Rankings

L&T stood second in the sector wise survey of Businessworld magazine and was awarded the 'India's Most Respected Company' in the Infrastructure category by the honourable Union Finance Minister, Govt. of India, Mr. Pranab Mukherjee.

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### The Economic Times 'Company of the Year Award - 2010'

L&T won The Economic Times 'Company of the Year Award - 2010' in January 2011. The award was given by the honourable Union Finance Minister, Mr. Pranab Mukherjee to Mr. A.M. Naik, CMD, Larsen & Toubro.

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### Green Business Leadership Award

L&T's sustainability practices were conferred the 'Financial Express-EVI Green Business Leadership Award for 2010-11' in the large corporate (engineering) segment. The award was given by Dr. A.P.J. Abdul Kalam, former President of India.

### Award for innovation in promoting CSR

L&T was awarded a certificate of appreciation at the Businessworld-FICCI-SEDF 2010 CSR Awards. The certificate appreciates the extensive CSR efforts undertaken by L&T.

### ICSI National Award for Excellence in Corporate Governance

Appreciating L&T's good corporate governance practices, the Institute of Company Secretaries of India (ICSI) has honoured it with 'National Award for Excellence in Corporate Governance'.

### Golden Peacock Award for L&T's Electrical & Automation HR Initiatives

Electrical & Automation of L&T won the prestigious 'Golden Peacock National Training Award 2011' for its initiatives on training and development under engineering category.

### Award for Green Manufacturing Practices

L&T won the Frost & Sullivan Green Manufacturing Excellence Awards 2011 for its accomplishments in the large enterprise segment.

### 2nd highest contribution at Mumbai Marathon 2011

L&T was recognised by the organisers of Standard Chartered Mumbai Marathon 2011 as a Corporate with the 2nd highest employee contribution in fund raising.

### LTPML wins India Manufacturing Excellence Award

India's leading business daily, The Economic Times, in partnership with Global Consulting firm, Frost & Sullivan (F&S), has awarded L&T Plastics Machinery Limited (LTPML), Chennai, the prestigious 'The Economic Times - India Manufacturing Excellence Award (IMEA) 2010' in the Gold category.

### The Economic Times awards L&T the Company of the Year Award

India's leading business daily, The Economic Times, has chosen L&T as The Economic Times Company of the Year 2010 for its role and contribution in almost all of India's prestigious engineering creations, including roads, power plants, buildings, bridges, ports and nuclear reactors.

## AWARDS CONFERRED ON MR. A. M. NAIK, CHAIRMAN & MANAGING DIRECTOR

### Mr. A.M. Naik honoured at CNBC TV18's India Business Leader Awards

CNBC TV18 India honoured Mr. A. M. Naik with the 'CNBC Asia - Outstanding Business Leader' Award for 2010. These awards acknowledge the strategic leadership and direction that a business leader gives to the organisation and the vibrant impact he makes on the industry's prospects for growth.

### The Golden Peacock Award for Lifetime Achievement in Business Leadership for Mr. A.M. Naik

Mr. A.M. Naik, has been conferred the Golden Peacock Award for Lifetime Achievement in Business Leadership at a specially organised Awards Night on November 12, 2010 in New Delhi.

### Mr. A.M. Naik ranked the 'Best CEO' in the Industrials segment in Asia.

Mr. A.M. Naik, was ranked the 'Best CEO' in the Industrials segment in Asia in the All Asia (excluding Japan) Investor Relations Perception Study conducted by the prestigious Institutional Investor magazine.



## INDEPENDENT ASSURANCE STATEMENT

### INTRODUCTION

Det Norske Veritas AS ('DNV') has been commissioned by the management of Larsen & Toubro Limited ('L&T' or 'the Company') to carry out an assurance engagement on the L&T's Sustainability Report 2011 ('the Report'), against the Global Reporting Initiative 2006 Sustainability Reporting Guidelines Version 3.0 (GRI G3) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS 2008).

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality towards any people interviewed. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

The intended users of this assurance statement are the readers of L&T's Sustainability Report 2011. The management of L&T is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information. DNV's responsibility regarding this verification is to the Company only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

### SCOPE OF ASSURANCE

The scope of work agreed upon with the Company includes verification of the following:

- The content of Sustainability Report 2011 i.e. reporting of economic, environmental, and social indicators;
- Review of the policies, initiatives, practices and performance described in the Report as well as references made in the Report to the L&T's 66th Annual Report (2010-11);
- Evaluation of the AccountAbility principles and specified performance information, described below, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008):
  - Information relating to L&T's issues, responses, performance data, case studies and underlying systems for the management of such information and data;
  - Information relating to L&T's materiality assessment and stakeholder engagement processes;
- Confirm that the report meets the GRI G3 Application Level A, as declared by the Company.

The reporting boundary is as set out in the Report and during the assurance process we did not come across, limitations to the scope of the assurance engagement. The verification was conducted during June to November 2011 for the activities covered in the Report for 1st April 2010 to 31st March 2011.

### VERIFICATION METHODOLOGY

This assurance engagement was planned and carried out in accordance with the AA1000AS (2008) and the DNV Protocol for Verification of Sustainability Reporting<sup>1</sup>. The report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness as set out in the AA1000AS (2008); the reliability of the specified sustainability performance information, as required for a Type 2, moderate level assurance engagement;
- Adherence to the additional principles of Completeness and Neutrality as set out in DNV's Protocol, and
- The principles and requirements of the GRI G3 for an application level A.
- As part of the engagement, DNV has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:
  - Challenged the sustainability-related statements and claims made in the report and assessed the robustness of the data management system, information flow and controls;
  - Examined and reviewed documents, data and other information made available by L&T;
  - Visited the manufacturing units, project sites of L&T at Powai (Mumbai), Chennai, Vadodara, Ranoli, Kansbahal, Bangalore and Mahape (New Mumbai), to conduct on-site verification; and also visited one of its subsidiaries, L&T Infotech's office at Powai (Mumbai) and Bangalore;
  - Conducted interviews with top/senior management and key representatives and managers in various offices, manufacturing units, project sites and at head office;
  - Reviewed the Company's approach to stakeholder engagement and its materiality determination process;

<sup>1</sup> [www.dnv.com/services/assessment/corporate\\_responsibility/services\\_solutions/sustainabilityreporting/order/](http://www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/order/)



- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

#### OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities for improvement reported to the Management of L&T and are considered for drawing our conclusion on the report; however, they are generally consistent with the Management's objectives:

- Continuously monitor and evaluate the material issues as a result of changes in internal and external environments to enable develop appropriate sustainability strategies and revise the medium and long term targets accordingly.
- Progressively expand the boundary of reporting, goals and targets.
- Internal verification mechanisms to cover all material issues across all manufacturing plants / project sites will assist in improving the quality of data for future reporting.
- Evolve systems to fully address in the subsequent reports, the key material performance indicators that are partially reported.

#### CONCLUSIONS

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

**Inclusivity: Acceptable.** As a part of Company's stakeholder engagement process both stakeholder and management perspectives were considered to arrive at the material issues.

**Materiality: Acceptable.** Further expanding the materiality determination process from common to specific material issues and linking the same to the risks and opportunities identified at the Individual Company level.

**Responsiveness: Good.** We consider that the Company's response to key stakeholder concerns, through its policies and management systems, is fairly reflected in the Report.

#### ADDITIONAL PARAMETERS AS PER DNV'S PROTOCOL

**Completeness: Acceptable.** Certain GRI G3 core indicators have been responded to partially. The rationale for this and the exclusion of core indicators which are not applicable has been explained in the Report. Company acknowledges the need for continuous improvement and is committed to improving the reporting scope and boundary.

**Neutrality: Good.** The Company has reported its sustainability performance and related issues in a suitable manner and overall the Report is transparent in discussing the challenges faced.

In our opinion, and based on the scope of this assurance engagement, L&T's Sustainability Report 2011 provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year.

In accordance with the AA1000AS (2008) requirements for a Type 2, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable.

DNV confirms that the Report meets the requirements for GRI application level A.

for Det Norske Veritas AS,

**Nandkumar Vadakepatth**

Lead Verifier  
Head-Sustainability & Business Excellence Services (South)  
Det Norske Veritas AS, India

Bangalore, India, 26 October 2011

**Antonio Astone**

Reviewer  
Global Manager, Corporate Responsibility Services  
Det Norske Veritas AS, Italy



**AA1000**  
Licensed Assurance Provider  
000-10



## Statement GRI Application Level Check

GRI hereby states that **Larsen & Toubro** has presented its report "L&T's Corporate Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 7 November 2011

A handwritten signature in black ink, appearing to read "Nelmara Arbex", is written over a light blue background.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Larsen & Toubro has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 October 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

# GRI Index

| STANDARD DISCLOSURES PART I: Profile Disclosures |   |          |  |   |                     |   |
|--|---|----------|--|---|---------------------|---|
| Profile Disclosure                               | Description   | Reported | Cross-reference/<br>Direct answer                    | If applicable, indicate the part not reported | Reason for omission | Explanation   |
| <b>1. Strategy and Analysis</b>                  |   |          |  |   |                     |   |
| 1.1  | Statement from the most senior decision-maker of the organisation.  | Fully    | 1  |   |                     |   |
| 1.2  | Description of key impacts, risks, and opportunities.   | Fully    | 26-29  |   |                     |   |
| <b>2. Organisational Profile</b>                 |   |          |  |   |                     |   |
| 2.1  | Name of the organisation.   | Fully    | Cover Page   |   |                     |   |
| 2.2  | Primary brands, products, and/or services.  | Fully    | 9  |   |                     |   |
| 2.3  | Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.   | Fully    | 7  |   |                     |   |
| 2.4  | Location of organisation's headquarters.  | Fully    | 11   |   |                     |   |
| 2.5  | Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.  | Fully    | 12   |   |                     |   |
| 2.6  | Nature of ownership and legal form.   | Fully    | 1, 14  |   |                     |   |
| 2.7  | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).  | Fully    | 11, 12   |   |                     |   |
| 2.8  | Scale of the reporting organisation.  | Fully    | 9-12, 38, 48, 49, L&T Annual Report 2010-11, Page 14 |   |                     |   |
| 2.9  | Significant changes during the reporting period regarding size, structure, or ownership.  | Fully    | 31   |   |                     | Increased the reporting boundary  |
| 2.10   | Awards received in the reporting period.  | Fully    | 94, 95   |   |                     |   |
| <b>3. Report Parameters</b>                      |   |          |  |   |                     |   |
| 3.1  | Reporting period (e.g., fiscal/calendar year) for information provided.   | Fully    | 31   |   |                     | April 1, 2010 and March 31, 2011  |
| 3.2  | Date of most recent previous report (if any).   | Fully    | 31   |   |                     | 14th December 2010  |
| 3.3  | Reporting cycle (annual, biennial, etc.)  | Fully    | 31   |   |                     | Annual  |
| 3.4  | Contact point for questions regarding the report or its contents.   | Fully    | 31   |   |                     |   |
| 3.5  | Process for defining report content.  | Fully    | 30-32  |   |                     |   |
| 3.6  | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.  | Fully    | 31   |   |                     |   |
| 3.7  | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).  | Fully    | 31   |   |                     | "For project sites, material, energy, safety, manpower and training is reported. At DMN, material, manpower, energy & training are reported. Material transportation is not reported" |
| 3.8  | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.   | Fully    | 31   |   |                     |   |
| 3.9  | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Fully    | 31   |   |                     |   |
| 3.10   | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. Mergers/acquisitions, change of base years/periods, nature of business, measurement methods).  | Fully    | 31   |   |                     |   |
| 3.11   | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.   | Fully    | 31   |   |                     | Two corporate offices, HCP (part of Hydrocarbon) and two units of MIP business have started reporting, significant project sites started reporting their electricity consumption      |

| Profile Disclosure                                | Description   | Reported | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation  |
|---|---|----------|-----------------------------------|---|---------------------|--|
| 3.12  | Table identifying the location of the Standard Disclosures in the report.   | Fully    | 99-106                            |   |                     |  |
| 3.13  | Policy and current practice with regard to seeking external assurance for the report.   | Fully    | 31, 96                            |   |                     |  |
| <b>4. Governance, Commitments, and Engagement</b> |   |          |                                   |   |                     |  |
| 4.1   | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.  | Fully    | 14                                |   |                     |  |
| 4.2   | Indicate whether the Chair of the highest governance body is also an executive officer.   | Fully    | 14, 15                            |   |                     |  |
| 4.3   | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.  | Fully    | 14                                |   |                     |  |
| 4.4   | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.   | Fully    | 14, 34                            |   |                     | The shareholders can put their grievance through shareholder grievance committees as a part of governance structure. More details about the governance structure are available at <a href="http://www.larsentoubro.com">www.larsentoubro.com</a> |
| 4.5   | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).   | Fully    | 15                                |   |                     |  |
| 4.6   | Processes in place for the highest governance body to ensure conflicts of interest are avoided.   | Fully    | 16                                |   |                     |  |
| 4.7   | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.   | Fully    | 16                                |   |                     |  |
| 4.8   | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.  | Fully    | 3, 16-21                          |   |                     |  |
| 4.9   | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.                    | Fully    | 14-17                             |   |                     |  |
| 4.10  | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.  | Fully    | 14                                |   |                     |  |
| 4.11  | Explanation of whether and how the precautionary approach or principle is addressed by the organisation.  | Fully    | 18                                |   |                     |  |
| 4.12  | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.  | Fully    | 18                                |   |                     |  |
| 4.13  | Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation:<br>* Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | Fully    | 18                                |   |                     |  |
| 4.14  | List of stakeholder groups engaged by the organisation.   | Fully    | 34                                |   |                     |  |
| 4.15  | Basis for identification and selection of stakeholders with whom to engage.   | Fully    | 34, 35                            |   |                     |  |
| 4.16  | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.   | Fully    | 34                                |   |                     |  |
| 4.17  | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.   | Fully    | 30, 34, 35                        |   |                     |  |

**STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)**

| G3 DMA        | Description                                      | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported                            | Reason for omission | Explanation  | To be reported in |
|---------------|--|-----------|-----------------------------------|--|---------------------|--|-------------------|
| <b>DMA EC</b> | <b>Disclosure on Management Approach EC</b>      |           | 19                                |  |                     |  |                   |
| Aspects       | Economic performance                             | Fully     | 19, 48, 49                        |  |                     |  |                   |
|               | Market presence                                  | Fully     | 11, 12, 19                        |  |                     |  |                   |
|               | Indirect economic impacts                        | Fully     | 50                                |  |                     |  |                   |
| <b>DMA EN</b> | <b>Disclosure on Management Approach EN</b>      |           | 19, 23-25                         |  |                     |  |                   |
| Aspects       | Materials  | Partially | 69                                | Material procured in meter, sq.m. and units are not reported             | Not available       | We are developing a system in place to cover the material procured in m, sq.m. and units into tons   | 2015              |
|               | Energy   | Partially | 61                                | Electricity supplied by customers at their project sites is not reported | Not available       | We are developing a system in place to monitor the energy supplied by clients  | 2015              |
|               | Water  | Partially | 67                                | Water supplied by customer at project sites is not reported              | Not available       | We are developing a system in place to monitor the water supplied by clients   | 2015              |
|               | Biodiversity                                     | Fully     | 72                                |  |                     |  |                   |
|               | Emissions, effluents and waste                   | Fully     | 65, 67, 70                        |  |                     |  |                   |
|               | Products and services                            | Fully     | 19, 53                            |  |                     |  |                   |
|               | Compliance                                       | Fully     | 18, 19, 72                        |  |                     |  |                   |
|               | Transport  | Partially | 19, 62, 66                        | Material transportation is not covered under scope 3 emissions           | Not available       | We are developing a system in place to capture the scope 3 emission from the transportation (by clients)   | 2015              |
|               | Overall  | Not       |                                   |  | Not available       | We are developing a system to capture environmental expenses from project sites (As currently the expenses are integrated into the total project cost) | 2015              |
| <b>DMA LA</b> | <b>Disclosure on Management Approach LA</b>      |           | 20                                |  |                     |  |                   |
| Aspects       | Employment                                       | Fully     | 38                                |  |                     |  |                   |
|               | Labour/management relations                      | Fully     | 39, 42                            |  |                     |  |                   |
|               | Occupational health and safety                   | Fully     | 42, 46                            |  |                     |  |                   |
|               | Training and education                           | Fully     | 39, 78                            |  |                     |  |                   |
|               | Diversity and equal opportunity                  | Fully     | 39-41, 46                         |  |                     |  |                   |
| <b>DMA HR</b> | <b>Disclosure on Management Approach HR</b>      |           | 20                                |  |                     |  |                   |
| Aspects       | Investment and procurement practices             | Fully     | 46                                |  |                     |  |                   |
|               | Non-discrimination                               | Fully     | 46                                |  |                     |  |                   |
|               | Freedom of association and collective bargaining | Fully     | 39, 42                            |  |                     |  |                   |
|               | Child labour                                     | Fully     | 46                                |  |                     |  |                   |
|               | Forced and compulsory labour                     | Fully     | 46                                |  |                     |  |                   |
|               | Security practices                               | Fully     | 17                                |  |                     |  |                   |
|               | Indigenous rights                                | Fully     | 20, 21                            |  |                     |  |                   |
| <b>DMA SO</b> | <b>Disclosure on Management Approach SO</b>      |           | 20                                |  |                     |  |                   |
| Aspects       | Community  | Fully     | 32, 50, 60, 74                    |  |                     |  |                   |
|               | Corruption                                       | Fully     | 17, 18                            |  |                     |  |                   |
|               | Public policy                                    | Fully     | 17, 18                            |  |                     |  |                   |
|               | Anti-competitive behaviour                       | Fully     | 18                                |  |                     |  |                   |
|               | Compliance                                       | Fully     | 18, 21, 72                        |  |                     |  |                   |

| G3 DMA   | Description   | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported                         | Reason for omission | Explanation  | To be reported in |
|--|---|-----------|-----------------------------------|---|---------------------|--|-------------------|
| <b>DMA PR</b>  | <b>Disclosure on Management Approach PR</b>   |           | 21, 23-25, 88                     |   |                     |  |                   |
| Aspects  | Customer health and safety  | Partially | 21, 88-90                         | Life Cycle impact assessment is done for selected stages of product   | Not available       | Life cycle impact assessment is done for selected stages of products | 2015              |
|  | Product and service labelling   | Fully     | 90                                |   |                     |  |                   |
|  | Marketing communications  | Fully     | 90                                |   |                     |  |                   |
|  | Customer privacy  | Fully     | 35                                |   |                     |  |                   |
|  | Compliance  | Fully     | 90                                |   |                     |  |                   |
| <b>STANDARD DISCLOSURES PART III: Performance Indicators</b> |   |           |                                   |   |                     |  |                   |
| <b>Economic</b>  |   |           |                                   |   |                     |  |                   |
| Performance Indicator  | Description   | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported                         | Reason for omission | Explanation  | To be reported in |
| <b>Economic Performance</b>                                  |   |           |                                   |   |                     |  |                   |
| EC1  | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Fully     | 48-50                             |   |                     |  |                   |
| EC2  | Financial implications and other risks and opportunities for the organisation's activities due to climate change.   | Fully     | 52                                |   |                     |  |                   |
| EC3  | Coverage of the organisation's defined benefit plan obligations.  | Fully     | 42, 51                            |   |                     |  |                   |
| EC4  | Significant financial assistance received from government.  | Fully     | 49                                |   |                     |  |                   |
| <b>Market Presence</b>                                       |   |           |                                   |   |                     |  |                   |
| EC5  | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.  | Fully     | 42                                |   |                     |  |                   |
| EC6  | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.   | Fully     | 51                                |   |                     |  |                   |
| EC7  | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.   | Fully     | 41, 51                            |   |                     | 100% of the senior management is from India                          |                   |
| EC8  | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.  | Fully     | 51                                |   |                     |  |                   |
| EC9  | Understanding and describing significant indirect economic impacts, including the extent of impacts.  | Fully     | 51-52                             |   |                     |  |                   |
| <b>Environmental</b>   |   |           |                                   |   |                     |  |                   |
| <b>Materials</b>   |   |           |                                   |   |                     |  |                   |
| EN1  | Materials used by weight or volume.   | Partially | 69                                | The procurement of material in meters, sq.mt and nos. is not reported | Not available       |  | 2015              |
| EN2  | Percentage of materials used that are recycled input materials.   | Fully     | 69                                |   |                     |  |                   |
| <b>Energy</b>  |   |           |                                   |   |                     |  |                   |
| EN3  | Direct energy consumption by primary energy source.   | Partially | 61                                | Electricity supplied by customer at project site is not reported      | Not available       |  | 2015              |
| EN4  | Indirect energy consumption by primary source.  | Fully     | 32, 61, 62                        |   |                     |  |                   |
| EN5  | Energy saved due to conservation and efficiency improvements.   | Partially | 62                                | Energy conserved from project sites are not monitored and reported    | Not available       |  | 2015              |
| EN6  | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.  | Not       | -                                 |   |                     |  |                   |
| EN7  | Initiatives to reduce indirect energy consumption and reductions achieved.  | Fully     | 62                                |   |                     |  |                   |

| Performance Indicator                 | Description   | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported   | Reason for omission | Explanation   | To be reported in |
|---------------------------------------|---|-----------|-----------------------------------|---|---------------------|---|-------------------|
| <b>Water</b>                          |   |           |                                   |   |                     |   |                   |
| EN8                                   | Total water withdrawal by source.   | Partially | 67                                | Project locations where the water provided by customer is not reported  | Not available       |   | 2015              |
| EN9                                   | Water sources significantly affected by withdrawal of water.  | Not       | -                                 |   |                     |   |                   |
| EN10                                  | Percentage and total volume of water recycled and reused.   | Not       | -                                 |   |                     |   |                   |
| <b>Biodiversity</b>                   |   |           |                                   |   |                     |   |                   |
| EN11                                  | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.  | Fully     | 72                                |   |                     |   |                   |
| EN12                                  | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.                                     | Fully     | 72                                |   |                     |   |                   |
| EN13                                  | Habitats protected or restored.   | Fully     | 72                                |   |                     |   |                   |
| EN14                                  | Strategies, current actions, and future plans for managing impacts on biodiversity.   | Fully     | 72                                |   |                     |   |                   |
| EN15                                  | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.  | Not       | -                                 |   |                     |   |                   |
| <b>Emissions, Effluents and Waste</b> |   |           |                                   |   |                     |   |                   |
| EN16                                  | Total direct and indirect greenhouse gas emissions by weight.   | Fully     | 65-66                             |   |                     |   |                   |
| EN17                                  | Other relevant indirect greenhouse gas emissions by weight.   | Fully     | 66                                |   |                     |   |                   |
| EN18                                  | Initiatives to reduce greenhouse gas emissions and reductions achieved.   | Not       | -                                 |   |                     |   |                   |
| EN19                                  | Emissions of ozone-depleting substances by weight.  | Fully     | 66                                |   |                     |   |                   |
| EN20                                  | NOx, SOx, and other significant air emissions by type and weight.   | Partially | 66                                | Emissions from customer owned DG sets are not reported  | Not available       |   | 2015              |
| EN21                                  | Total water discharge by quality and destination.   | Partially | 67                                | At project sites where client is responsible for wastewater treatment and disposal of wastewater, discharge is not reported | Not available       |   | 2015              |
| EN22                                  | Total weight of waste by type and disposal method.  | Fully     | 70                                |   |                     |   |                   |
| EN23                                  | Total number and volume of significant spills.  | Fully     | 70                                |   |                     | There were no significant spills in the reporting year. |                   |
| EN24                                  | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Not       | -                                 |   |                     |   |                   |
| EN25                                  | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.                          | Not       | -                                 |   |                     |   |                   |
| <b>Products and Services</b>          |   |           |                                   |   |                     |   |                   |
| EN26                                  | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.  | Fully     | 53-56                             |   |                     |   |                   |
| EN27                                  | Percentage of products sold and their packaging materials that are reclaimed by category.   | Fully     | 70                                |   |                     |   |                   |
| <b>Compliance</b>                     |   |           |                                   |   |                     |   |                   |
| EN28                                  | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.  | Fully     | 72                                |   |                     |   |                   |
| <b>Transport</b>                      |   |           |                                   |   |                     |   |                   |
| EN29                                  | Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.                                   | Not       | -                                 |   |                     |   |                   |

| Performance Indicator                           | Description   | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported   | Reason for omission | Explanation  | To be reported in |
|---|---|-----------|-----------------------------------|---|---------------------|--|-------------------|
| <b>Overall</b>                                  |   |           |                                   |   |                     |  |                   |
| EN30  | Total environmental protection expenditures and investments by type.  | Not       | -                                 |   |                     |  |                   |
| <b>Social: Labour Practices and Decent Work</b> |   |           |                                   |   |                     |  |                   |
| <b>Employment</b>                               |   |           |                                   |   |                     |  |                   |
| LA1   | Total workforce by employment type, employment contract, and region.  | Fully     | 38-39                             |   |                     |  |                   |
| LA2   | Total number and rate of employee turnover by age group, gender, and region.  | Fully     | 41                                |   |                     | India is considered as a region  |                   |
| LA3   | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.  | Fully     | 51                                |   |                     |  |                   |
| <b>Labour/Management Relations</b>              |   |           |                                   |   |                     |  |                   |
| LA4   | Percentage of employees covered by collective bargaining agreements.  | Fully     | 39, 42                            |   |                     |  |                   |
| LA5   | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.   | Fully     | 42                                |   |                     |  |                   |
| <b>Occupational Health and Safety</b>           |   |           |                                   |   |                     |  |                   |
| LA6   | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes. | Fully     | 42                                | More than 50% of representation of workers in health and safety programmes  |                     |  |                   |
| LA7   | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.  | Partially | 46                                | Frequency Rate, Severity Rate, Fatalities and Fatalities Rate have been reported. Did not report loss days due to occupational diseases.        | Not available       |  | 2015              |
| LA8   | Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.    | Fully     | 81, 82                            |   |                     |  |                   |
| LA9   | Health and safety topics covered in formal agreements with trade unions.  | Fully     | 42                                |   |                     |  |                   |
| <b>Training and Education</b>                   |   |           |                                   |   |                     |  |                   |
| LA10  | Average hours of training per year per employee by employee category.   | Partially | 40                                | Training programmes conducted by clients in their premises are not reported. We are developing a system in place to record the training details | Not available       |  | 2015              |
| LA11  | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.                            | Fully     | 41-42                             |   |                     |  |                   |
| LA12  | Percentage of employees receiving regular performance and career development reviews.   | Fully     | 41                                |   |                     | 100% of our employees receive periodical performance and career development review |                   |
| <b>Diversity and Equal Opportunity</b>          |   |           |                                   |   |                     |  |                   |
| LA13  | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.              | Fully     | 39                                |   |                     |  |                   |
| LA14  | Ratio of basic salary of men to women by employee category.   | Fully     | 46                                |   |                     | L&T is a merit based organisation  |                   |
| <b>Social: Human Rights</b>                     |   |           |                                   |   |                     |  |                   |
| <b>Investment and Procurement Practices</b>     |   |           |                                   |   |                     |  |                   |
| HR1   | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.                                   | Fully     | 46                                |   |                     |  |                   |

| Performance Indicator                                   | Description  | Reported  | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation   | To be reported in |
|---|--|-----------|-----------------------------------|---|---------------------|---|-------------------|
| HR2   | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.   | Fully     | 20, 46                            |   |                     |   |                   |
| HR3   | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Not       | -                                 |   |                     |   |                   |
| <b>Non-discrimination</b>                               |  |           |                                   |   |                     |   |                   |
| HR4   | Total number of incidents of discrimination and actions taken.   | Fully     | 46                                |   |                     |   |                   |
| <b>Freedom of Association and Collective Bargaining</b> |  |           |                                   |   |                     |   |                   |
| HR5   | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.   | Fully     | 46                                |   |                     |   |                   |
| <b>Child Labour</b>                                     |  |           |                                   |   |                     |   |                   |
| HR6   | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.                           | Fully     | 46                                |   |                     |   |                   |
| <b>Forced and Compulsory Labour</b>                     |  |           |                                   |   |                     |   |                   |
| HR7   | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.   | Fully     | 20, 21, 46                        |   |                     |   |                   |
| <b>Security Practices</b>                               |  |           |                                   |   |                     |   |                   |
| HR8   | Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.                      | Fully     | 20, 21, 46                        |   |                     | Human rights training is a part of induction training programme   |                   |
| <b>Indigenous Rights</b>                                |  |           |                                   |   |                     |   |                   |
| HR9   | Total number of incidents of violations involving rights of indigenous people and actions taken.   | Fully     | 46                                |   |                     | No incidence of violation   |                   |
| <b>Social: Society</b>                                  |  |           |                                   |   |                     |   |                   |
| <b>Community</b>  |  |           |                                   |   |                     |   |                   |
| SO1   | Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.  | Fully     | 74                                |   |                     |   |                   |
| <b>Corruption</b>                                       |  |           |                                   |   |                     |   |                   |
| SO2   | Percentage and total number of business units analysed for risks related to corruption.  | Fully     | 18                                |   |                     |   |                   |
| SO3   | Percentage of employees trained in organisation's anti-corruption policies and procedures.   | Fully     | 18                                |   |                     |   |                   |
| SO4   | Actions taken in response to incidents of corruption.  | Fully     | 18                                |   |                     |   |                   |
| <b>Public Policy</b>                                    |  |           |                                   |   |                     |   |                   |
| SO5   | Public policy positions and participation in public policy development and lobbying.   | Partially | 18                                |   | Not applicable      | Due to diverse nature of our businesses there are many issues pertaining to L&T businesses. In addition we occupy various positions in the same forums hence it is difficult to give a single specific response |                   |
| SO6   | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.   | Not       | -                                 |   |                     |   |                   |

| Performance Indicator                 | Description  | Reported | Cross-reference/<br>Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation                                    | To be reported in |
|---------------------------------------|--|----------|-----------------------------------|---|---------------------|--|-------------------|
| <b>Anti-competitive Behaviour</b>     |  |          |                                   |   |                     |  |                   |
| S07                                   | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.   | Fully    | 90                                |   |                     | No legal action for anti-competitive behaviour |                   |
| <b>Compliance</b>                     |  |          |                                   |   |                     |  |                   |
| S08                                   | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.   | Fully    | 90                                |   |                     |  |                   |
| <b>Social: Product Responsibility</b> |  |          |                                   |   |                     |  |                   |
| <b>Customer Health and Safety</b>     |  |          |                                   |   |                     |  |                   |
| PR1                                   | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Fully    | 53, 90                            |   |                     |  |                   |
| PR2                                   | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.           | Fully    | 72, 90                            |   |                     |  |                   |
| <b>Product and Service Labelling</b>  |  |          |                                   |   |                     |  |                   |
| PR3                                   | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.  | Fully    | 90                                |   |                     |  |                   |
| PR4                                   | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.  | Fully    | 90                                |   |                     | No incidents of non-compliance                 |                   |
| PR5                                   | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.  | Fully    | 35, 90                            |   |                     |  |                   |
| <b>Marketing Communications</b>       |  |          |                                   |   |                     |  |                   |
| PR6                                   | Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.   | Fully    | 90                                |   |                     |  |                   |
| PR7                                   | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.           | Fully    | 90                                |   |                     |  |                   |
| <b>Customer Privacy</b>               |  |          |                                   |   |                     |  |                   |
| PR8                                   | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.   | Fully    | 90                                |   |                     | No such complaints were reported               |                   |
| <b>Compliance</b>                     |  |          |                                   |   |                     |  |                   |
| PR9                                   | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.  | Fully    | 90                                |   |                     | No such complaints were reported               |                   |

## Acronyms

|                       |  |                       |  |
|-----------------------|--|-----------------------|--|
| <b>ACB</b>            | Air Circuit Breakers   | <b>IEC</b>            | International Electro technical Commission       |
| <b>AHC</b>            | Andheri Health Centre  | <b>IChE</b>           | Indian Institute of Chemical Engineers           |
| <b>ASME</b>           | American Society of Mechanical Engineers                     | <b>IIM</b>            | Indian Institute of Management                   |
| <b>ASTA</b>           | Association of Short Testing Authorities                     | <b>ILO</b>            | International Labour Organization                |
| <b>ASW</b>            | Ahmednagar Switchgear Works                                  | <b>IOCL</b>           | Indian Oil Corporation Limited                   |
| <b>BCCI</b>           | Bombay Chamber of Commerce and Industry                      | <b>IP</b>             | Intellectual Property                            |
| <b>BEE</b>            | Bureau of Energy Efficiency                                  | <b>IPM</b>            | Institute of Project Management                  |
| <b>BIS</b>            | Bureau of Indian Standards                                   | <b>IPMA</b>           | International Program Management Association     |
| <b>Bn</b>             | Billion  | <b>IQ</b>             | Intelligence Quotient                            |
| <b>BPO</b>            | Business Process Outsourcing                                 | <b>IR</b>             | Industrial Relations                             |
| <b>C</b>              | Celsius  | <b>IS</b>             | Indian Standard                                  |
| <b>CALD</b>           | Capability & Leadership Development                          | <b>ISO</b>            | International Organization for Standardization   |
| <b>CDM</b>            | Clean Development Mechanism                                  | <b>IT</b>             | Information Technology                           |
| <b>CE</b>             | Conformite Européenne  | <b>ITI</b>            | Industrial Training Institute                    |
| <b>CFC</b>            | Chloro - Floro Carbon  | <b>kWh</b>            | Kilo Watt per Hour                               |
| <b>CIDC</b>           | Construction Industry Development Council                    | <b>LED</b>            | Light-emitting Diode                             |
| <b>CII</b>            | Confederation of Indian Industry                             | <b>LEED</b>           | Leadership in Energy and Environmental Design    |
| <b>CIS</b>            | Commonwealth of Independent States                           | <b>LEO</b>            | Leveraging Employee Opinion                      |
| <b>CLC</b>            | Community Learning Centres                                   | <b>LPG</b>            | Liquefied Petroleum Gas                          |
| <b>CMC</b>            | Corporate Management Committee                               | <b>LTIT</b>           | Larsen & Toubro Institute of Technology          |
| <b>CMMI</b>           | Capability Maturity Model Integration                        | <b>LTORC</b>          | L&T Officers Recreation Complex                  |
| <b>CO<sub>2</sub></b> | Carbon Dioxide   | <b>MCCB</b>           | Moulded Case Circuit Breakers                    |
| <b>CSI</b>            | Corporate Social Initiatives                                 | <b>MDC</b>            | Management Development Centre                    |
| <b>CSR</b>            | Corporate Sustainability Report                              | <b>MIP</b>            | Machinery & Industrial Products Business         |
| <b>CSTI</b>           | Construction Skill Training Institute                        | <b>MIS</b>            | Management Information System                    |
| <b>DACP</b>           | Departmental Activity Control Procedures                     | <b>NAPCC</b>          | National Action Plan on Climate Change           |
| <b>DHDS</b>           | Dehydrogenation Desulphurisation                             | <b>NG</b>             | Natural Gas                                      |
| <b>DOZ</b>            | Dubai Outsource Zone   | <b>NGO</b>            | Non-Governmental Organisation                    |
| <b>E&amp;A</b>        | Electrical and Automation                                    | <b>NITIE</b>          | National Institute of Industrial Engineering     |
| <b>E&amp;C (P)</b>    | Engineering and Construction (Projects)                      | <b>NOx</b>            | Oxides of Nitrogen                               |
| <b>ECAS</b>           | Enterprise wide Collaboration for Alignment with Strategy    | <b>ODS</b>            | Ozone Depleting Substances                       |
| <b>ECCD</b>           | Engineering Construction and Contracts Division              | <b>OHS</b>            | Occupational Health and Safety                   |
| <b>EHS</b>            | Environment, Health and Safety                               | <b>OHSAS</b>          | Occupational Health and Safety Assessment Series |
| <b>ELITE</b>          | E&A's Lean Initiative Towards Excellence                     | <b>PAT</b>            | Profit After Tax                                 |
| <b>EMS</b>            | Environmental Management System                              | <b>PAT&amp;ICON</b>   | Praise, Applaud & Treasure & Icon program        |
| <b>EPC</b>            | Engineering, Procurement and Construction                    | <b>PC</b>             | Personal Computer                                |
| <b>EPS</b>            | Earnings Per Share   | <b>PHC</b>            | Primary Sub Health Care                          |
| <b>ETS</b>            | Engineering Tooling Solutions                                | <b>PMI</b>            | Project Management Institute                     |
| <b>EVA</b>            | Economic Value Added   | <b>PNG</b>            | Piped Natural Gas                                |
| <b>FAIR</b>           | Framework for Linking Appraisals with Incentives and Rewards | <b>PPP</b>            | Public-Private Partnership                       |
| <b>FICCI</b>          | Federation of Indian Chambers of Commerce and Industry       | <b>ROCE</b>           | Return on Capital Employed                       |
| <b>GGBS</b>           | Ground Granulated Blast-furnace Slag                         | <b>R&amp;D</b>        | Research and Development                         |
| <b>GETs</b>           | Graduate Engineer Trainees                                   | <b>RoHS</b>           | Restriction of Hazardous Substances              |
| <b>GHG</b>            | Green House Gas  | <b>Rs.</b>            | Indian Rupees                                    |
| <b>GLOPAT</b>         | Global Expat Program   | <b>SAARC</b>          | South Asian Association for Regional Cooperation |
| <b>GJ</b>             | Giga Joules  | <b>SBG</b>            | Strategic Business Group                         |
| <b>GRI</b>            | Global Reporting Initiative                                  | <b>SOPs</b>           | Standard Operating Procedures                    |
| <b>HE</b>             | Heavy Engineering  | <b>S<sub>o</sub>x</b> | Oxides of Sulphur                                |
| <b>HR</b>             | Human Resources  | <b>STCs</b>           | Switchgear Training Centres                      |
| <b>HTFS</b>           | Heat Transfer and Fluid Flow Stimulation Software            | <b>THC</b>            | Thane Health Centre                              |
| <b>IC</b>             | Independent Company  | <b>UL</b>             | Underwriters Laboratories                        |
| <b>IGBC</b>           | Indian Green Building Council                                | <b>USD</b>            | United States Dollar                             |
|                       |  | <b>VFD</b>            | Variable Frequency Drive                         |

**Glossary: 'Udaan'** - An L&T Heavy Engineering business initiative which focuses on Strategy, change management, Execution & Stake

Standard Disclosures

| Report Application Level  | C   | C+                               | B   | B+                               | A  | A+  |
|---|---|----------------------------------|---|----------------------------------|--|--|
| <b>G3 Profile Disclosures</b>    | Report on:<br>1.1<br>2.1 - 2.10<br>3.1 - 3.8, 3.10 - 3.12<br>4.1 - 4.4, 4.14 - 4.15                                       | <b>Report Externally Assured</b> | Report on all criteria listed for Level C plus:<br>1.2<br>3.9, 3.13<br>4.5 - 4.13, 4.16 - 4.17  | <b>Report Externally Assured</b> | Same as requirement for Level B  | <b>Report Externally Assured</b>   |
| <b>G3 Management Approach Disclosures</b>                                        | Not Required  |                                  | Management Approach Disclosures for each Indicator Category   |                                  | Management Approach Disclosures for each Indicator Category  |  |
| <b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>  | Report on a minimum of 10 Performance Indicators, including at least one from each of Economic, Social and Environmental. |                                  | Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility. |                                  | Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission. |  |

*\*Sector supplement in final version*

The L&T Sustainability Report 2011, 'L&T Naturally', is a **'GRI Checked' Application Level A+ report.**



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